STATE OF ARIZONA

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE:	:	Chapter 11
	:	
MOTORS LIQUIDATION COMPANY, *et al*.,	:	No. 09-50026 (REG)
f/k/a GENERAL MOTORS CORP., *et al*.,	:	
	:	(Jointly Administered)
Debtors.	:	

APPELLANT'S STATEMENT OF ISSUES ON APPEAL AND
DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD ON APPEAL

Pursuant to Rule 8009 of the Federal Rules of Bankruptcy Procedure, Appellant, the State of Arizona, respectfully submits the following: (i) statement of issues to be presented on appeal from the *Judgment*, dated June 1, 2015 [ECF No. 13177] and *Decision on Motion to Enforce*

Sale Order, dated April 15, 2015 [ECF No. 13109]; and (ii) designation of items to be included in the record on appeal.[1]

I. Statement Of Issues To Be Presented On Appeal

Appellant submits the following statement of issues on appeal:

1. Did the Bankruptcy Court exceed its jurisdictional authority or otherwise err in holding that the Sale Order may be enforced so as to enjoin claims against New GM based on New GM's own independent, post-Closing acts or conduct so long as the complaint in the action at issue contains factual allegations concerning Old GM?

2. Did the Bankruptcy Court err in holding that the State of Arizona's lawsuit could not proceed on the complaint as drafted until and unless the complaint "is judicially determined by (by [the Bankruptcy Court] or any higher court) not to require amendment"?

II. Designation Of Items To Be Included In The Record On Appeal

Appellant submits the following designation of items to be included in the record on appeal (including any exhibit, annex, or addendum thereto):

Item No.	Document	Filing Date	ECF No.
1	Motion for Sale of Property under Section 363(b)/Debtors' Motion Pursuant to 11 U.S.C. §§ 105, 363(b), (f), (k), and (m), and 365 and Fed. R. Bankr. P. 2002, 6004, and 6006, to (I) Approve (A) The Sale Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, A U.S. Treasury-Sponsored Purchaser, Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) The Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Other Relief; and (II) Schedule Sale Approval Hearing	6/1/2009	92

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Judgment or the Decision.

Item No.	Document	Filing Date	ECF No.
2	Memorandum of Law In Support of Debtors' Motion Pursuant To 11 U.S.C. §§ 105, 363(b), (f), (k), (m) and 365, and Fed. R. Bankr. P. 2002, 6004 and 6006, to (I) Approve (A) The Sale Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC	6/1/2009	105
3	Certificate of Service (First Day Motion Service)	6/1/2009	134
4	Order Approving Procedures for Sale of Debtors' Assets Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, A U.S. Treasury-Sponsored Purchaser, Scheduling Bid Deadline and Sale Hearing Date, Establishing Assumption and Assignment Procedures and Fixing Notice Procedures and Approving Form of Notice	6/2/2009	274
5	Notice of Filing of the Amended Master Sale and Purchase Agreement and Certain Exhibits of the Disclosure Schedule Thereto	6/27/2009	2649
6	Declaration/Certificate of Publication of Notice of Sale Hearing	6/29/2009	2757
7	Declaration/Certificate of Publication of Notice of Commencement of Chapter 11 Cases and First Day Hearing	7/1/2009	2910
8	Decision on Debtors' Motion for Approval of (1) Sale of Assets to Vehicle Acquisition Holdings LLC; (2) Assumption and Assignment of related Executory Contracts; and (3) Entry Into UAW Retiree Settlement Agreement	7/5/2009	2967
9	Order (I) Authorizing Sale of Assets Pursuant to Amended and Restated Master Sale and Purchase Agreement with NGMCO, Inc., a U.S. Treasury-Sponsored Purchaser; (II) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (III) Granting Related Relief	7/5/2009	2968
10	Errata Order Regarding Decision on Debtors' Motion for Approval of (1) Sale of Assets to Vehicle Acquisition Holdings LLC; (2) Assumption and Assignment of Related Executory Contracts; and (3) Entry Into UAW Retiree Settlement Agreement	7/6/2009	2985
11	Transcript regarding Hearing Held on 7/2/09 9:02 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/8/2009	3062

Item No.	Document	Filing Date	ECF No.
12	Transcript regarding Hearing Held on 6/30/09 10:07 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/8/2009	3087
13	Transcript regarding Hearing Held on 7/1/09 7:59 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/15/2009	3205
14	Debtors' Motion for Order Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing the Deadline for Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/2/2009	3940
15	Affidavit of Service of the Notice and Motion for Order Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3), Establishing the Deadline for Filing Proofs of Claim (Including Claims Under Section 503(B)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/11/2009	4020
16	Order Establishing the Deadline For Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/16/2009	4079
17	Certificate of Publication of the Notice of Deadlines For Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code (the General Notice) and the Notice of Deadline for Filing Proofs of Claim (the Local Notice))	1/5/2010	4724
18	Affidavit of Publication of Notice of Deadlines for Filing Certain Proofs of Claim	1/25/2010	4877
19	Affidavit of Service of 1) Debtors' Joint Chapter 11 Plan and 2) Disclosure Statement for Debtors' Joint Chapter 11 Plan	9/3/2010	6852

Item No.	Document	Filing Date	ECF No.
20	Debtors' Motion for an Order (I) Approving Notice of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Solicitation Packages; and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes under the Plan	9/3/2010	6854
21	Affidavit of Service of Notice of Hearing on Debtors' Motion for an Order (I) Approving Notice of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Solicitation Packages and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes Under the Plan	9/7/2010	6867
22	Notice of Certification of Publication of Notice of Hearing to Consider Approval of Debtors' Proposed Disclosure Statement with Respect to Debtors' Joint Chapter 11 Plan	10/5/2010	7239
23	Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/7/2010	8014
24	Debtors' Amended Joint Chapter 11 Plan	12/7/2010	8015
25	Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/8/2010	8023
26	Affidavit of Service of Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan and Debtors' Amended Joint Chapter 11 Plan	12/8/2010	8024
27	Order Granting Motion (I) Approving Notice Of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Notice Packages and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes Under the Plan	12/8/2010	8043
28	Affidavit of Service of Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/10/2010	8053

Item No.	Document	Filing Date	ECF No.
29	Affidavit of Publication of the Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date	1/18/2011	8673
30	Amended Affidavit of Publication of Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date (related document ECF No. 8673)	1/21/2011	8788
31	Amended Affidavit of Publication of Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date (related document ECF No. 8788)	2/16/2011	9277
32	Debtors' Second Amended Joint Chapter 11 Plan	3/18/2011	9836
33	Affidavit of Service of Debtors' Second Amended Joint Chapter 11 Plan	3/21/2011	9845
34	Findings of Fact and Conclusions of Law and Order Pursuant to Sections 1129(A) and (B) of the Bankruptcy Code and Rule 3020 Of The Federal Rules Of Bankruptcy Procedure Confirming Debtors Second Amended Joint Chapter 11 Plan	3/29/2011	9941
35	Corrected Notice of Occurrence of Effective Date of Debtors' Second Amended Joint Chapter 11 Plan	4/6/2011	10056
36	Notice of (I) Entry of Order Confirming Debtors' Second Amended Joint Chapter 11 Plan and (II) Occurrence of Effective Date	5/3/2011	10151
37	Notice of Certification of Publication of the Notice of (I) Entry of Order Confirming Debtors' Second Amended Joint Chapter 11 Plan and (II) Occurrence of Effective Date	5/10/2011	10214
38	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2011	8/1/2011	10648
39	Supplemental Status Report - Supplement to Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2011	9/14/2011	10874

Item No.	Document	Filing Date	ECF No.
40	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of September 30, 2011	10/28/2011	11090
41	Notice of Proposed Order Approving Motion and Motion Pursuant to Bankruptcy Rule 3003 and Section 105(a) of the Bankruptcy Code for an Order Disallowing Certain Late Filed Claims	1/26/2012	11351
42	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of December 31, 2011	1/30/2012	11358
43	Order Approving Motion Pursuant to Bankruptcy Rule 3003 and Section 105(a) of the Bankruptcy Code Disallowing Certain Late Filed Claims	2/8/2012	11394
44	Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	4/21/2014	12620
45	Exhibits to Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	4/21/2014	12621
46	Endorsed Order Regarding Letter Dated April 21, 2014, filed by Arthur Steinberg on behalf of General Motors LLC (ECF No. 12622)	4/22/2014	12627
47	Notice of (A) Filing of Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, and (B) Conference to be Held in Connection with Such Motion	4/22/2014	12628
48	Objection to Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, filed by Edward S. Weisfelner on behalf of Daniel Ratzlaff, Patricia Barker, Sylvia Benton, Nicole Heuler, Katie Michelle McConnell, Carlota Onofre, and Teleso Satele, individually and as putative class representatives	4/22/2014	12629
49	Cover Page and Exhibits to Objection to Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (relates to ECF No. 12629)	4/23/2014	12640
50	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of March 31, 2014	4/24/2014	12653
51	Supplements to Schedule 1 and Schedule 2 to Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce	4/30/2014	12672

Item No.	Document	Filing Date	ECF No.
52	Letter to the Honorable Robert E. Gerber Regarding May 2, 2014 Status Conference, filed on behalf of General Motors LLC	4/30/2014	12673
53	Amended Notice of (A) Filing of Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, and (B) Conference to be Held in Connection with Such Motion	5/1/2014	12675
54	Letter to the Honorable Robert E. Gerber in response to New GM's Letter of 4/30/2014 (ECF No. 12673), filed by Edward S. Weisfelner on behalf of Plaintiffs	5/1/2014	12677
55	Notice of Settlement of Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction; (II) Objection filed by Certain Plaintiffs in Respect Thereto; and (III) Adversary Proceeding No. 14-01929	5/12/2014	12690
56	Objection to Notice of Settlement of Scheduling Order, filed on behalf of Proposed Lead Plaintiffs	5/15/2014	12693
57	Reply to Objection to Notice of Settlement of Scheduling Order, filed by Edward S. Weisfelner on behalf of Designated Counsel	5/15/2014	12695
58	Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed by Certain Plaintiffs in Respects Thereto, and (III) Adversary Proceeding No. 14-01929	5/16/2014	12697
59	Second Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	5/19/2014	12698
60	Second Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	5/19/2014	12699
61	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of March 31, 2014	5/23/2014	12708
62	Third Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/2/2014	12717

Item No.	Document	Filing Date	ECF No.
63	Third Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/2/2014	12718
64	Corrected Third Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/2/2014	12719
65	Corrected Third Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/2/2014	12720
66	Fourth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/13/2014	12722
67	Fourth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	6/13/2014	12723
68	Response By General Motors LLC to Establish Stay Procedures for Newly-Filed Ignition Switch Actions, with hearing to be held on July 2, 2014	6/13/2014	12724
69	Notice of Motion of General Motors LLC To Establish Stay Procedures for Newly-Filed Ignition Switch Actions	6/13/2014	12725
70	Supplemental Response by General Motors LLC in Connection with Stay Procedures Set Forth in the Court's May 16, 2014 Scheduling Order	6/24/2014	12735
71	Notice of Presentment of Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed By Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929, filed on behalf of General Motors	7/1/2014	12747
72	Letter to the Honorable Robert E. Gerber from Lisa Rubin, on behalf of Wilmington Trust Company as trustee and administrator of GUC Trust, responding to New GM's Notice of Presentment (ECF No. 12747)	7/1/2014	12753
73	Notice of Presentment of Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed By Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929, filed on behalf of Wilmington Trust Company as trustee and administrator of GUC Trust	7/1/2014	12754

Item No.	Document	Filing Date	ECF No.
74	Letter to the Honorable Robert E. Gerber from Jonathan Flaxer, on behalf of Groman Plaintiffs, Regarding Proposed Counter-Order to Proposed Supplemental Scheduling Order	7/1/2014	12755
75	Notice of Presentment of Counter Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed By Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929, filed on behalf of Groman Plaintiffs	7/1/2014	12756
76	Order Granting Motion of General Motors LLC to Establish Stay Procedures for Newly-Filed Ignition Switch Actions	7/8/2014	12764
77	Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed by Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929	7/11/2014	12770
78	Fifth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	7/21/2014	12780
79	Fifth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	7/21/2014	12781
80	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of June 30, 2014	7/25/2014	12786
81	Decision with Respect to No Stay Pleading (Phaneuf Plaintiffs)	7/30/2014	12791
82	Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	8/1/2014	12807
83	Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	8/1/2014	12808
84	Endorsed Order, Approving General Motors Letter filed on 8/1/2014 (ECF No. 12809) Regarding Proposed Page Limits for Briefs	8/4/2014	12810
85	Order Denying the Relief Requested by the Phaneuf Plaintiffs in Their No Stay Pleading	8/4/2014	12811

Item No.	Document	Filing Date	ECF No.
86	Endorsed Order, Adding Matters Raised in New GM August 1, 2014 Letter (ECF No. 12806) to Calendar for August 18 Conference	8/4/2014	12812
87	Notice of (A) Filing of (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions), and (II) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuit, and (B) Conference to be held in Connection with Such Motions on 8/18/2014, filed on behalf of General Motors LLC	8/4/2014	12813
88	Decision with Respect to No Stay Pleading and Related Motion to Dismiss for Lack of Subject Matter Jurisdiction (Elliot Plaintiffs)	8/6/2014	12815
89	Sixth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/7/2014	12818
90	Sixth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/7/2014	12819
91	Agreed and Disputed Stipulations of Fact Pursuant to the Court's Supplemental Scheduling Order, Dated July 11, 2014	8/8/2014	12826
92	Letter to the Honorable Robert E. Gerber from Arthur Steinberg on behalf of General Motors LLC, Pursuant to July 11, 2014 Supplemental Scheduling Order Regarding Agreed Upon & Disputed Stipulations of Fact	8/8/2014	12827
93	Order Denying the Relief Requested in Plaintiffs Lawrence and Celestine Elliott's No Stay Pleading Pursuant to the Court's Scheduling Orders and Motion for Order of Dismissal for Lack of Subject Matter Jurisdiction Pursuant to Bankr. R. 7012(b) and for Related Relief	8/12/2014	12834
94	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2014	8/13/2014	12838
95	Seventh Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/14/2014	12843
96	Seventh Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/14/2014	12844

Item No.	Document	Filing Date	ECF No.
97	Letter to the Honorable Robert E. Gerber from Sander L. Esserman on behalf of Designated Counsel, Regarding Threshold Issues	8/15/2014	12854
98	Letter to the Honorable Robert E. Gerber from Daniel Golden on behalf of Akin Gump Strauss Hauer & Feld LLP, Regarding Threshold Issues Letters	8/15/2014	12856
99	"Limited" No Stay Pleading, filed on behalf of the People of the State of California	8/19/2014	12862
100	Endorsed Order, Approving Briefing Schedule Proposed in 8/21/2014 New GM Letter Regarding Four Threshold Issues (related document ECF No. 12867)	8/22/2014	12869
101	Response by General Motors LLC to the "Limited" No Stay Pleading Filed by the Orange County Plaintiff in Connection with the Court's July 8, 2014 Order Establishing Stay Procedures for Newly-Filed Cases, filed on behalf of General Motors LLC	8/29/2014	12876
102	Letter to the Honorable Robert E. Gerber from Arthur Steinberg on behalf of General Motors LLC, Regarding Revised Scheduling Orders and Stay Stipulations In Connection With Additional Motions to Enforce	9/10/2014	12890
103	Scheduling Order Regarding Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	9/15/2014	12897
104	Scheduling Order Regarding Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/15/2014	12898
105	Transcript of August 18, 2014 Hearing Regarding Threshold Issues Letters, filed pursuant to the Supplemental Scheduling Order, Dated July 11, 2014	8/21/2014	12899
106	Eighth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	9/18/2014	12906
107	Eighth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	9/18/2014	12907

Item No.	Document	Filing Date	ECF No.
108	Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/18/2014	12908
109	Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/18/2014	12909
110	Errata Order Regarding Decision with Respect to No Stay Pleading (Phaneuf Plaintiffs) (ECF No. 12791)	10/2/2014	12934
111	Ninth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/6/2014	12938
112	Ninth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/6/2014	12939
113	Second Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	10/6/2014	12940
114	Second Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	10/6/2014	12941
115	Supplement to the Chart of Pre-Closing Accident Lawsuits Set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	10/6/2014	12942
116	Tenth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/15/2014	12950
117	Tenth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/15/2014	12951
118	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of September 30, 2014	10/24/2014	12963

Item No.	Document	Filing Date	ECF No.
119	Eleventh Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	11/5/2014	12976
120	Eleventh Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	11/5/2014	12978
121	Third Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	11/5/2014	12979
122	Third Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	11/5/2014	12980
123	Opening Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	11/5/2014	12981
124	Appendix of Exhibits for Opening Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	11/5/2014	12982
125	Consolidated Class Action Complaint Against New GM for Recalled Vehicles Manufactured By Old GM and Purchased Before July 11, 2009 or Later, In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (JMF) (S.D.N.Y. Oct. 14, 2014) (ECF No. 347)	11/5/2014	12982-13
126	Consolidated Complaint Concerning All GM-Branded Vehicles that were Acquired July 11, 2009 or Later, In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (JMF) (S.D.N.Y. Oct. 14, 2014) (ECF No. 345)	11/5/2014	12982-14
127	The Participating Unitholders' and GUC Trust Administrator's Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	11/5/2014	12983
128	Declaration of Deborah J. Newman in Support of the Participating Unitholders' and GUC Trust Administrator's Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	11/5/2014	12984
129	Written Opinion signed on 11/10/2014 Regarding Decision with Respect to No Stay Pleading, and Related Motion for Abstention Regarding Sesay Plaintiffs	11/10/2014	12989

Item No.	Document	Filing Date	ECF No.
130	GUC Trust Quarterly GUC Trust Report as of September 30, 2014	11/12/2014	12997
131	Transcript of Hearing Held on 7/2/2014 9:46 AM Regarding "No Stay Pleadings" filed in Connection with Scheduling Order Regarding (I) Motion of General Motors, LLC Pursuant to 11 U.S.C. Sections 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, and (II) Objection Filed by Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929 (ECF No. 12697)	11/11/2014	13001
132	Transcript of Hearing Held on 8/5/2014 9:49 AM Regarding Plaintiffs Lawrence and Celestine Elliott's No Stay Pleading Pursuant to the Court's Scheduling Orders and Motion for Order of Dismissal for lack of subject matter jurisdiction pursuant to Bankr. R. 7012(B) and for related relief	11/21/2014	13003
133	Twelfth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/1/2014	13009
134	Twelfth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/1/2014	13010
135	Fourth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	12/1/2014	13011
136	Fourth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	12/1/2014	13012
137	Thirteenth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/8/2014	13016
138	Thirteenth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/8/2014	13017
139	Responsive Brief of Designated Counsel for Pre-Closing Accident Plaintiffs on Threshold Issues Concerning New GM's Motions to Enforce the Sale Order and Injunction	12/16/2014	13021

Item No.	Document	Filing Date	ECF No.
140	Response by General Motors LLC Regarding the Equitable Mootness Threshold Issue	12/16/2014	13024
141	Designated Counsel’s Opposition to New GM’s Motions for Enforcement of Sale Order and Injunction	12/16/2014	13025
142	Declaration of Edward S. Weisfelner in Support of Designated Counsel’s Opposition to New GM’s Motions for Enforcement of Sale Order and Injunction	12/16/2014	13026
143	Anton R. Valukas, Report to Board of Directors of General Motors Company Regarding Ignition Switch Recalls, dated May 29, 2014	12/16/2014	13026-2
144	Consent Order, In re TQ14-001 NHTSA Recall No. 14V-047 (U.S. Dep’t of Transp. May 16, 2014)	12/16/2014	13026-4
145	Declaration of Steve W. Berman in Support of Designated Counsel’s Opposition to New GM’s Motions for Enforcement of Sale Order and Injunction	12/16/2014	13027
146	The Groman Plaintiffs’ Response to that Part of New GM’s Opening Brief Regarding the “Fraud on the Court Legal Standard”	12/16/2014	13028
147	Designated Counsel’s Response to the Participating Unitholders’ and GUC Trust Administrator’s Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	12/16/2014	13029
148	Response of GUC Trust Administrator and Participating Unitholders to New GM’s Opening Brief on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	12/16/2014	13030
149	Declaration of Lisa H. Rubin, Esq.	12/16/2014	13031
150	Corrected Exhibit 14 to the Declaration of Lisa Rubin, Esq.	12/17/2014	13032
151	Fourteenth Supplement to Schedule “1” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/24/2014	13038
152	Fourteenth Supplement to Schedule “2” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/24/2014	13039
153	Administrative Order Signed on 1/13/2015 Regarding Oral Argument on the Motion to Enforce and Related Matters	1/13/2015	13044

Item No.	Document	Filing Date	ECF No.
154	The Participating Unitholders' and GUC Trust Administrator's Reply Memorandum of Law Respecting the Equitable Mootness Threshold Issue	1/16/2015	13047
155	Reply Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	1/16/2015	13048
156	Appendix of Exhibits to Reply Brief By General Motors LLC on Threshold Issues Concerning Its Motions To Enforce the Sale Order and Injunction	1/16/2015	13049
157	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of December 31, 2014	1/20/2015	13051
158	Endorsed Order Signed on 1/28/2015 Regarding Overall Time Requests and Proposed Sequence of Oral Argument	1/28/2015	13059
159	Second Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	1/28/2015	13060
160	Endorsed Order Signed on 1/30/2015 Regarding Letter to the Honorable Robert E. Gerber Pursuant to January 28, 2015 Endorsed Order Regarding Oral Argument and Related Matters (ECF No. 13064)	1/30/2015	13066
161	Letter to the Honorable Robert E. Gerber in accordance with the Court's Administrative Order, entered on January 13, 2015 [ECF No. 13044], First Endorsed Order, entered on January 28, 2015 [ECF No. 13059], and Second Endorsed Order, entered on January 30, 2015 [ECF No. 13066], filed on behalf of The People of the State of California	2/2/2015	13072
162	Response to Letter, dated February 2, 2015, Submitted by the State of California Regarding Oral Argument (ECF No. 13072)	2/3/2015	13073
163	Endorsed Order Signed on 2/9/2015 Regarding Letter Filed on behalf of The People of the State of California (ECF No. 13072)	2/9/2015	13078
164	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of December 31, 2014	2/12/2015	13082
165	Third Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	2/13/2015	13083

Item No.	Document	Filing Date	ECF No.
166	Transcript Regarding Hearing Held on 2/18/2015 9:00 AM Regarding Oral Argument on Motion to Enforce	2/20/2015	13096
167	Fourth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	3/23/2015	13097
168	Fifth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	4/15/2015	13108
169	Decision on Motion to Enforce Sale Order	4/15/2015	13109
170	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of March 31, 2015	4/22/2015	13118
171	Sixth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	4/28/2015	13122
172	Fifth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	4/28/2015	13123
173	Fifth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	4/28/2015	13124
174	Joint Letter on Behalf of GUC Trust and the GUC Trust Unitholders (Regarding Proposed Form of Judgment)	5/12/2015	13135
175	Letter Regarding Proposed Judgment in Connection to Decision On Motion To Enforce Sale Order, filed by New GM	5/12/2015	13136
176	Joint Letter Enclosing Proposed Judgment of Co-Designated Counsel and Counsel for Economic Loss Plaintiffs and Designated Counsel and Counsel for Ignition Switch Pre-Closing Accident Plaintiffs in Response to April 15, 2015 Decision (ECF No. 13109) and Endorsed Order, dated May 5, 2015 (ECF No. 13131)	5/12/2015	13137

Item No.	Document	Filing Date	ECF No.
177	Amended and Restated Exhibits 2 and 3 to Letter Regarding Proposed Judgment In Connection To Decision On Motion To Enforce Sale Order, filed by New GM	5/12/2015	13139
178	Letter Regarding Proposed Judgment, filed on behalf of Groman Plaintiffs	5/12/2015	13141
179	Status Report/Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of March 31, 2015	5/22/2015	13158
180	Decision RE: Form of Judgment	5/27/2015	13162
181	Order RE: Technical Matters Concerning Judgment	5/27/2015	13163
182	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Judgment, filed by Gary Peller on behalf of Elliot Plaintiffs	5/29/2015	13169
183	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by Arthur Steinberg on behalf of General Motors LLC	5/29/2015	13171
184	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by William Weintraub on behalf of Ignition Switch Plaintiffs in Pre-Closing Accident Lawsuits	5/29/2015	13172
185	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by Lisa Rubin on behalf of Wilmington Trust Company	5/29/2015	13173
186	Letter to the Honorable Robert E. Gerber Regarding Certification of Direct Appeal/Request for Procedural Stay, filed by Arthur Steinberg on behalf of General Motors LLC	5/29/2015	13174
187	Letter to the Honorable Robert E. Gerber Responding to Letter Filed by Gary Peller, dated May 29, 2015 (ECF No. 13169), filed by Arthur Steinberg on behalf of General Motors LLC	6/1/2015	13176
188	Judgment	6/1/2015	13177
189	Order Certifying Judgment for Direct Appeal to Second Circuit	6/1/2015	13178
190	Amended Notice of Appeal, filed on behalf of Elliot Plaintiffs	6/1/2015	13179
191	Amended Notice of Appeal, filed on behalf of Sesay Plaintiffs	6/1/2015	13180

Item No.	Document	Filing Date	ECF No.
192	Notice of Appeal, filed on behalf of Ignition Switch Plaintiffs	6/2/2015	13185
193	Notice of Appeal, filed on behalf of Pre-Closing Accident Plaintiffs	6/10/2015	13194
194	Notice of Cross-Appeal, filed on behalf of General Motors LLC	6/12/2015	13200
195	Notice of Cross-Appeal, filed on behalf of Wilmington Trust Company	6/15/2015	13204
196	Notice of Appeal, filed on behalf of Groman Plaintiffs	6/16/2015	13209
197	Decision and Order on Bledsoe Plaintiffs' Reargument and Other Post-Judgment Motions	07/21/2015	13313
198	Notice of Appeal, filed on behalf of the State of Arizona	7/31/2015	13334
199	Transcript for Hearing Held on 5/2/2014 at 9:46 AM Regarding Status Conference, *Groman, et al. v. General Motors LLC (In re Motors Liquidation Corp.)*, Case No. 09-50026, Adv. Pro. No. 14-01929 (Bankr. S.D.N.Y. April 21, 2014) (ECF No. 16), attached hereto as **Exhibit 1**		
200	Transcript Regarding Hearing Held on 2/17/2015 9:00 AM Regarding Oral Argument on Motion to Enforce, attached hereto as **Exhibit 2**		
201	House of Representatives, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, *The GM Ignition Switch Recall: Why Did It Take So Long?* Transcript (Washington, D.C. April 1, 2014) ("**Apr. 1 Cong. Hr'g**"), attached hereto as **Exhibit 3**		
202	Apr. 1 Cong. Hr'g, Doc. 8 (GMHEC000001727-41), attached hereto as **Exhibit 4**		
203	Apr. 1 Cong. Hr'g, Doc. 9 (GMHEC000001742-54), attached hereto as **Exhibit 5**		
204	Apr. 1 Cong. Hr'g, Doc. 12 (December 2005 Service Bulletin No. 05-02-35-007), attached hereto as **Exhibit 6**		
205	General Motors Company, GM Redoubles Safety Efforts, Announces New Recalls (Form 8-K Exhibit 99.1) (March 17, 2014), attached hereto as **Exhibit 7**		

Item No.	**Document**	**Filing Date**	**ECF No.**
206	General Motors Company, GM Announces 5 Safety Recalls (Form 8-K Exhibit 99.1) (May 15, 2014), attached hereto as **Exhibit 8**		
207	General Motors Company, GM Will Rework or Replace Keys on 3.16 Million U.S. Cars (Form 8-K Exhibit 99.1) (June 16, 2014), attached hereto as **Exhibit 9**		
208	General Motors Company, GM Announces Six Safety Recalls (Form 8-K Exhibit 99.1) (June 30, 2014), attached hereto as **Exhibit 10**		
209	General Motors Company, Annual Report (for the fiscal year ended December 31, 2009) (Form 10-K) (April 7, 2010), attached hereto as **Exhibit 11**		
210	General Motors Company, Annual Report (for the fiscal year ended December 31, 2010) (Form 10-K) (March 1, 2011), attached hereto as **Exhibit 12**		
211	General Motors Company, 2010 Annual Report, dated March 1, 2011, attached hereto as **Exhibit 13**		
212	General Motors Company, 2011 Annual Report, dated February 27, 2012, attached hereto as **Exhibit 14**		
213	General Motors Company, 2012 Annual Report, dated February 15, 2013, attached hereto as **Exhibit 15**		
214	General Motors Company, 2013 Annual Report, dated February 6, 2014, attached hereto as **Exhibit 16**		

Dated: August 14, 2015

Respectfully submitted,

HAGENS BERMAN SOBOL SHAPIRO LLP

/s/ Steve W. Berman

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CERTIFICATE OF SERVICE

I hereby certify that on August 14, 2015, I caused the State of Arizona's Statement of Issues on Appeal and Designation of Items to be Included in the Record on Appeal to be filed and served upon all parties receiving notice via the Court's ECF system.

Dated: August 14, 2015

/s/ Steve W. Berman

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Exhibit 1

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 - x
4 In the Matter of:
5 Chapter 11
6 MOTORS LIQUIDATION COMPANY, Case No.: 09-50026(REG)
7 et al, f/k/a General Motors (Jointly Administered)
8 Corp., et al.,
9
10 Debtors.
11 - x
12 STEVEN GROMAN, ROBIN DELUCO,
13 ELIZABETH Y. GRUMET, ABC
14 FLOORING, INC., MARCUS
15 SULLIVAN, KATELYN SAXSON, Adv. Pro. No.:
16 AMY C. CLINTON, AND ALLISON 14-01929(REG)
17 C. CLINTON, on behalf of
18 themselves, and all other
19 similarly situated,
20 Plaintiffs,
21 v.
22 GENERAL MOTORS LLC,
23 Defendant.
24 - x
25

1 U.S. Bankruptcy Court
2 One Boling Green
3 New York, New York
4
5 May 2, 2014
6 9:46 AM
7
8
9 B E F O R E :
10 HON ROBERT E. GERBER
11 U.S. BANKRUPTCY JUDGE
12
13
14 Hearing re: Status Conference
15
16
17
18
19
20
21
22
23
24
25 Transcribed by: Dawn South and Sheila Orms

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1 P R O C E E D I N G S

2 THE COURT: Good morning, have seats, please. I

3 know most of you at the counsel table. Mr. Steinberg, with

4 you is whom?

5 MR. STEINBERG: With me is -- well, you can

6 introduce yourself.

7 MR. GODREY: Richard Godfrey, Your Honor.

8 MR. STEINBERG: From Kirkland.

9 THE COURT: Mr. Godfrey? Okay. Thank you.

10 MR. GODREY: Good morning, Your Honor.

11 THE COURT: I know Mr. Weisfelner, Mr. Inselbuch,

12 Mr. Esserman, and Mr. Flaxer. As others want to be heard

13 I'll give them that opportunity as we go along.

14 Within limits I'm going allow parties to be heard

15 as they see fit, but I have some preliminary comments.

16 I haven't read all 3,500 pages of the filings that

17 have come in in the last ten days, but I've read New GM's

18 motion, Mr. Flaxer's complaint, Mr. Weisfelner's objection,

19 and have also read all of counsel's letters and the various

20 proposed agenda items.

21 I think I have a pretty decent handle on the

22 issues that are going to need to be addressed today and the

23 issues that are going to need to be addressed in the

24 upcoming several months, but I'm less clear as to the extent

25 to which all of the issues are already on the table.

1 Identifying the issues that are going to need to
2 be teed up for judicial determination, or more exactly
3 figuring out how and when they're going to be put on the
4 table, is one of the primary purposes of the conference
5 today.
6 I think everybody understands or should that today
7 is not the day to argue the merits of any of your respective
8 positions or especially calling either side names. It's
9 instead to, as I said, identify the issues that need to be
10 addressed and to establish a fair means for getting the
11 issues judicially determined.
12 I appreciate the efforts of Mr. Steinberg and
13 Mr. Weisfelner and Mr. Inselbuch, Esserman, and Flaxer in
14 conferring before we got here to avoid inefficiencies and to
15 set up the orderly process for teeing these issues up. You
16 got pretty far and I'll take care of the rest.
17 As you'll hear momentarily I have a number of
18 tentatives, as that expression is used in California and
19 elsewhere in the Ninth Circuit, which are my inclinations as
20 to how to proceed, subject to your rights to be heard, but I
21 have some expectations as to an orderly discussion, no
22 histrionics, no repetition. I also have some questions and
23 concerns that I want you to address when it's your turn.
24 Starting with my questions.
25 I gather there are now about 60 class actions and

1 a couple of individual actions pending against New GM in
2 various parts of the country with respect to the ignition
3 switches in some way, but I have only a partial
4 understanding of what the claims typically characterized as
5 for economic loss are.
6 I'd understood, rightly or wrongly, that New GM
7 voluntarily assumed liability for wrongful death, personal
8 injury, and property damage with respect to any "incidents
9 or occurrences," which I understood to be things like wrecks
10 or fires or of course death or injury, that took place after
11 the sale in July of 2009.
12 I also understood that New GM had undertaken
13 responsibility for satisfying the glove box warranty and for
14 complying with state lemon laws.
15 But I need to get a handle on what's left. What
16 is left that has engendered 60 class actions across the
17 country? And obviously I'll hear your respective views on
18 that. I got a pretty good sense of the legal theories that
19 were invoked, vis-à-vis that economic loss, but I still
20 don't understand exactly what we're talking about.
21 Mr. Inselbuch's April 24th letter identifies an
22 issue as to whether claims against New GM, statutory or
23 otherwise, based on post-sale conduct of New GM are subject
24 to my orders. Mr. Esserman's April 23rd letter and
25 Mr. Weinberg's -- I don't see Mr. Weinberg, is he here

1 somewhere? Oh, yeah there is he, okay. April 30 letters
2 raise whey I understand to be the same issue.
3 To what extent, and I guess this is mainly for
4 you, Mr. Steinberg, is there a dispute on that? Or is the
5 devil in the details turning on the whether the alleged
6 wrongful conduct is wholly past sale or there's some other
7 nuance that would make the question harder than it would
8 appear at first blush? Help me get a better handle on what
9 we're talking about in that regard.
10 A similar issue exists with respect to the lemon
11 laws as mentioned in Mr. Esserman's April 23rd letter.
12 Please address that as well.
13 Next, each of the Steinberg and Weisfelner letters
14 talk about getting a sense as to how the majority of the
15 class action plaintiffs are prepared to proceed. I
16 underscore the word majority. When each of you use that
17 term it suggested to me, rightly or wrongly, that the
18 plaintiffs referred to were less than all of them. I think
19 what you were able to accomplish was very, very helpful, but
20 have some difficulty in seeing how that by itself would get
21 me across the goal line.
22 The fact that all plaintiffs couldn't get behind
23 three law firms -- and on this limited issue I think I can
24 take judicial notice -- have some proven track record in
25 addressing the interface between tort liability and

1 bankruptcy law causes me some concern. Because as I said, I
2 don't want repetition, and that includes making the same
3 point in different ways. I need to hear from anybody who
4 thinks those three firms aren't good enough why that's so,
5 or conversely why they're not raising issues that need to be
6 addressed. That's not to say that anybody who thinks up
7 anything those firms couldn't can't be heard, but I need to
8 know why and what's the problem.
9 I also want to hear from Mr. Flaxer, since he was
10 the first and he was the only one that brought an adversary,
11 and I don't put him in the category that I put all the
12 others.
13 Next, Mr. Esserman speaks in his April 23rd
14 letter, paragraph 5, of teeing up procedures for plaintiffs.
15 I don't know if this is the class action plaintiffs he
16 represents or all prospective plaintiffs, to show cause
17 whether they have any claims against New GM not otherwise
18 barred by the sale order and injunction.
19 You wrote that letter, Mr. Esserman, back on
20 April 23rd and I gather you've had discussions with other
21 folks since that time. I'd like you or Mr. Weisfelner, let
22 me know whether you have any needs and concerns to get
23 rulings on this that haven't been subsequently rolled into
24 what needs to be addressed, and I'd like to ask the same
25 with respect to the item you listed as number 7 in your

1 letter, procedures under which, assuming the sale order
2 stands without modification, under which plaintiffs might
3 seek amendments to it.
4 Okay, now for my tentatives. I apologize to you
5 all for speaking at such length.
6 As I said these are California tentatives, which
7 are views I formed on a preliminary basis after reading the
8 briefs and the letters but which are subject to your rights
9 to be heard and which I'll obviously consider in the way of
10 modifications based on whatever you tell me verbally.
11 First. Now that fraud on the Court has been taken
12 off the list of threshold issues I'm not sure if there's a
13 material difference in views or for that matter any
14 difference in views on the threshold issues that need to be
15 addressed at least insofar as the majority of the plaintiffs
16 are concerned.
17 I'm inclined to consider as threshold issues the
18 two remaining issues that were shown on Mr. Weisfelner's
19 black line, and I'm also amenable and inclined to allow any
20 other purely legal issues to be raised along with the so-
21 called threshold issues, such as the discrimination
22 argument, that is the argument that creditors with personal
23 injury claims, death claims, property claims would be
24 addressed by New GM whereas those with the so-called
25 economic damage claims would not.

1 It seems to me, again subject to your rights to be
2 heard, that the more appropriate means of demarcation
3 between claims that can and should be considered as
4 threshold issues and those that can be put and should put to
5 a later time is to separate issues that can be addressed
6 without discovery from those that can only be addressed with
7 discovery and potentially a very burdensome or at least
8 lengthy discovery process.
9 The principal players as I read the letters, New
10 GM and the class action plaintiff steering committee seem to
11 feel that they can win without discovery, and whether or not
12 either side is right in that regard that seems to me, that
13 is to deal with issues without discovery, to be the logical
14 place to start since even if issues need to be further
15 addressed or refined the early work that's accomplished
16 would set the table for the work, if any, that needs to be
17 considered next.
18 The corollary of that would seem to be that I need
19 to reject the contentions of a couple of you, and I'm
20 thinking of Mr. Esserman, your first -- your April 23rd
21 letter and Mr. Etkin's April 30 letter, that we should now
22 have discovery, and as I read your early letter,
23 Mr. Esserman, what would seem to be pretty massive discovery
24 early on and that such discovery should proceed on an
25 expedited basis.

1 Once again I note that you, Mr. Esserman, are a
2 member of the steering committee and your views may have
3 evolved since April 23rd when you wrote that early letter.
4 Two. My tentative is not to interfere with the
5 MDL's hearing now scheduled for May 29th, I think that's the
6 date, and to permit the judicial panel and multidistrict
7 litigation to rule on where pretrial proceedings with
8 respect to any future litigation should proceed, but that
9 would be under the understanding, at least under my
10 understanding -- that's why I wanted you guys to be heard on
11 it -- that everyone understands that to the extent I
12 hereafter rule in a way that some or more than some of those
13 now pending litigations before the MDL panel need to be put
14 on hold or stopped in some other fashion, that I would be
15 free to do that, including vis-à-vis, the multidistrict
16 panel irrespective of what the MDL panel had accomplished up
17 to that point in time.
18 Three. I share your view that anyone who's
19 unwilling to agree to a temporary standstill that the
20 majority seems to agree upon should come forward within a
21 time certain either on the date that's already proposed,
22 which I think was May 10, or some alternate date. More
23 likely close to that, but if fairness requires a little more
24 time that to my thinking would be okay.
25 Reading the submissions so far it's obvious that

1 these are serious issues, and my general view -- call it a
2 tentative or not -- is that rushing by a few days or even a
3 few weeks on issues of this importance isn't in anybody's
4 interest.
5 Fourth. I think we need to ascertain by a date to
6 be agreed upon or set all of the issues that are on the
7 table or that are to be decided even if they're not
8 addressed as what I call Phrase I issues. I need your
9 recommendation as to the best way to do that, and what
10 deadline I should impose for parties to get their
11 contentions on the table.
12 That wouldn't necessarily mean that they should
13 all be briefed at that early time, and in fact my
14 expectation would be that they wouldn't be, but I want to
15 get the lay of the land on the issues that I'm going to be
16 asked to rule upon.
17 Related to that was Mr. Flaxer's suggestion that a
18 date should be set by which any and all interested parties
19 should commence adversaries similar to the one he brought if
20 they were of a mind to. My tentative is to agree with
21 Mr. Flaxer's point in that regard.
22 Fifth. I want to accomplish as much as we can
23 before we get bogged down in discovery. I like the idea of
24 you guys agreeing on a stipulated record, but I don't like
25 the variant of that, which I think was proposed by

1 Mr. Weisfelner, which was request for admissions. If things
2 would be admitted they'd be stipulated to, and if they're
3 not admitted they're going to result in disputed issues of
4 fact as to which we're going to have to come up with some
5 other mechanism, and Rule 35 requests for admissions is
6 really nothing more than a cost shifting device any way.
7 So I want you guys when the time comes to really
8 try to agree on everything you can agree upon consistent
9 with your professional responsibilities and then identify
10 issues as to which you agree to disagree and I'll decide
11 then what to do about it.
12 Six. We have one adversary proceeding on file and
13 one contested matter. Other adversaries may be filed
14 consistent with the point Mr. Flaxer made, but at this point
15 I have these two, we need to think about the possibility of
16 more.
17 My tentative to consolidate the contested matter
18 and any adversaries for procedural purposes. Mr. Steinberg,
19 your letter cited decisions by Judge Lifland and Judge
20 Walrath indicating pretty clearly holding that when you're
21 enforcing an earlier court order you don't need to bring an
22 adversary to do that, but many observers might agree with
23 the judgment that Mr. Flaxer presumably made that when he
24 wanted a declaratory judgment and he wanted some of the
25 stuff that he asked for in there an adversary proceeding was

1 appropriate.

2 I guess the issue is whether others who are

3 looking for things similar to what Mr. Flaxer did would need

4 to either climb onto his adversary or bring their own

5 adversaries. It might be appropriate for separate

6 adversaries to be brought, although my thought would be that

7 they would be procedurally consolidated and jointly

8 administered as well, but I need people to focus on that.

9 If those adversaries are to be brought -- and many

10 might regard that as a good idea, but I'm not forming a

11 tentative on that -- Mr. Flaxer's point that it should

12 happen by a fairly early date certain seems to me to be

13 pretty persuasive. But again, that's a tentative.

14 Seven. While these issues mainly involve New GM

15 some also appear to also involve Old GM or the GUC Trust,

16 the general unsecured creditors trust, that's Old GM's

17 successor.

18 It would seem to me that there's an issue as to

19 whether there might be excusable neglect to file late claims

20 against Old GM to the extent that I ruled that any of the

21 claims being asserting are prepetition claims rather than

22 post-petition claims if the ability to assert those claims

23 wasn't known by the time that the Old GM case bar date

24 expired.

25 When I was preparing for today I speculated that

1 issues of that character were why Mr. Golden wanted to have
2 the opportunity to be heard.
3 To the extent any issues involving Old GM or the
4 GUC Trust can be heard as matters of law my tentative is
5 that they should be considered along with the other
6 threshold issues and that anybody who cares about those
7 kinds of issues should have a chance to weigh in on them.
8 Lastly, eight. In his April 24th letter
9 Mr. Flaxer raised the issue of mediation. Obviously the
10 idea or the prospect of meeting the two sides needs and
11 concerns without this monstrous battle is attractive to me.
12 When I was a practicing lawyer a district judge in
13 Delaware, Joe Farnan, some of you may know him, made an
14 impression on me and I think a bunch of other lawyers when
15 he said that the guy in the robe would do his job but
16 parties' needs and concerns could be better addressed by
17 negotiation than by forcing a judge to decide issues within
18 the four corners of what judges are allowed to decide.
19 And frankly it would be great if whatever money is
20 available for injured people could go to them and not to
21 litigation costs and attorneys' fees. I have no tentative
22 on this, but I want people to address it by the time they're
23 done.
24 So we're ready to continue. Mr. Steinberg, I'm
25 going hear from you first, then Mr. Weisfelner, then from

1 anybody who has any non-repetitive remarks to make after
2 that. Oh, Mr. Flaxer, can I hear from you, please, after I
3 hear from Mr. Weisfelner if you care to be heard.
4 Mr. Steinberg.
5 MR. STEINBERG: Thank you very much, Your Honor,
6 and thank you for the careful consideration of the issues
7 that have been presented.
8 I'd like to be able to address the tentatives and
9 then go back to the questions and then maybe find the script
10 that I had started in connection with this hearing.
11 Your Honor had identified the demarcation for
12 threshold issues as that which could be done with either no
13 discovery or very little discovery versus something that
14 would lead to much more complex discovery, and we agree that
15 that is a proper formulation.
16 The one thing that we would ask Your Honor to
17 consider, and I understand the balance here, is that we had
18 suggested as well as I think Mr. Flaxer, that fraud on the
19 Court would be a threshold issue.
20 Generally we were lumping all the Rule 60 issues
21 together, and many times when someone argues 60(d)(1), which
22 is whether there's an equitable remedy that should be
23 fashioned, or even the 610(b)(4), which is the procedural
24 due process, they usually throw in 60(d)(3), which is the
25 fraud on the court, whether it's proper or not, but that's

1 -- but they assert those in. And so I understand that fraud
2 on the Court may require some additional discovery, but the
3 issue is how much additional discovery and should it be
4 considered as well as a threshold issue?
5 THE COURT: You read my mind, Mr. Steinberg,
6 because when I thought about fraud on the Court in trying to
7 put myself in the role of a plaintiff's lawyer then I would
8 have thought that the plaintiff's lawyer would want to get
9 into GM's files or communications to ascertain the extent to
10 which behind the scenes Old GM was thinking about this
11 liability and not making a disclosure to me. You think
12 that's only modest discovery or can be limited in that
13 fashion or were you thinking about a different kind of
14 discovery that might be undertaken, vis-à-vis, that issue?
15 MR. STEINBERG: Well the issue about whether the
16 Old GM professionals or the people in charge of negotiating
17 the MSPA or the people in charge of presenting evidence to
18 Your Honor, that would be a fairly discreet time period. I
19 mean the bankruptcy was filed on June 1, the order approving
20 the sale was July 5. So we don't think that necessarily the
21 discovery from a time span is as significant. We're also
22 fairly confident what the result would be of that -- of any
23 of that type of discovery.
24 But, Your Honor, as you outline the issue if the
25 choice that we had was to effectively piecemeal the 60(d)(3)

1 issue and the trade off would be a much more streamline
2 procedure to present the legal issues -- so either there'd
3 be no discovery or very, very little discovery -- that may
4 be something that we're prepared to do, because we
5 understand the logic of that. And though it's piecemealing
6 a Rule 60 issue it may make sense under the circumstances to
7 be able to present as many of the pure legal issues as
8 possible.
9 I probably would need, and I'm sure this side of
10 the table probably needs the opportunity to talk to their
11 other people as well too to see whether they agree with my
12 formulation, but I certainly understand the logic of it and
13 if there was an agreement that there would be little or no
14 discovery and we would just try to stipulate as much as we
15 could to a stipulated record that may be a good avenue to go
16 forward.
17 Your Honor, in trying to address one of your other
18 tentatives, because I think it ties into a number of
19 different issues, you'll see that -- that in our agenda
20 letter we had said that the people who brought the adversary
21 proceeding could file an amendment to the complaint by
22 May 14th, provided that it doesn't object to the substance
23 of what we agree to as the procedure going forward today.
24 So if they want to restate what they think their claims are
25 and perhaps try to make sure that it was more inclusive of

1 other people then that's fine.

2 And you see that in Mr. Weisfelner's letter that

3 he talked about filing an amended complaint in the -- in the

4 MDL action as a procedural issue, which we don't think is a

5 procedural issue, we actually think it's a substantive

6 issue. But both things -- both of those issues evolve

7 around one of the tentative --

8 THE COURT: Forgive me, Mr. Steinberg, I lost you

9 there. I thought you said filing an amended complaint in

10 the MDL action. I thought that my only connection with the

11 MDL action is I guess I have the power to put it on hold,

12 but what else do I have to do with the MDL action?

13 MR. STEINBERG: No, Your Honor, I was trying to

14 lead to a point, but I was merely saying that there was a

15 point of disagreement in the letters as to whether the

16 agreement to allow them to go forward on the May 29th

17 hearing and that it wouldn't be stayed and that it would be

18 for purely administrative matters, and we were disagreeing

19 as to whether the filing of an amended complaint in the MDL

20 action would be an administrative matter or a substantive

21 matter.

22 But the point that I was trying to connect between

23 these things is that -- is that the filing of an amended

24 complaint by Mr. Flaxer or a recitation to file a

25 consolidated complaint to try to get all those theories

1 together is really trying to address Your Honor's tentative
2 ruling about wanting to know what are the bankruptcy-related
3 issues, what is -- what is it that they think that they can
4 go forward on that -- that would not otherwise be foreclosed
5 by the sale order?
6 All of those things are touching the same thing,
7 and my suggestion in light of your -- the tentatives and in
8 thinking about it and the reviewing the letters is that the
9 issue of whether they should file a complaint in the MDL
10 action or not should be -- should in effect be deferred
11 until the next status conference, and that one of the things
12 that we should be doing between this status conference and
13 the next status conference is to try to decide what we had
14 called in our agenda letter the bankruptcy-related issues
15 that are not the threshold issues, to try to define what it
16 is that we ultimately are going ask Your Honor to set forth,
17 because that's the exercise that's imbedded in doing either
18 the amended complaint to the adversary proceeding or the
19 amended complaint to try to coalesce all of these
20 complaints. Those are the issues that someone will have to
21 decide are bankruptcy-related issues or survive and should
22 go forward without, and that's the exercise that I think
23 should be done, and I don't think we should reach a firm
24 decision as to whether they should be doing anything more
25 than -- on the MDL proceeding to go forward on May 29th, do

1 the things like selection of lead counsel, the things that
2 we can agree are purely administrative, and we should defer
3 consideration of the amended complaint issue until the next
4 status conference.
5 THE COURT: But matters of the character that the
6 MDL could appropriately determine in your view could include
7 whether the pretrial proceedings take place in say
8 California on the one hand or New York on the other?
9 MR. STEINBERG: For the MDL I think the MDL should
10 be able to select which forum is going to go forward on
11 generally the MDL action to the extent that the MDL action
12 will ever go forward.
13 THE COURT: Okay. Continue, please.
14 MR. STEINBERG: The -- Your Honor, with regard to
15 the -- your tentative ruling on the stipulated record and
16 that we don't do admissions, that is essentially what we
17 have been trying to urge on the plaintiffs.
18 One of the issues was that we had discussions
19 separately with one group versus another group and they had
20 differing views on certain issues. And even with the group
21 that had a larger issue what we were getting to some extent
22 was the lowest common denominator. When you have 15 people
23 having suggestions sometimes you get 15 suggestions because
24 no one really wants to whittle it down and they leave it up
25 to us to do it.

1 We urge to do a stipulated record under the theory
2 that it's too early to do admissions, it is a -- really just
3 a cost shifting issue as Your Honor had identified, and it
4 leads to a dialogue. If they -- if they propose that they
5 want us to agree to something instead of me answering as I
6 would answer an admission I'd be sitting there saying I
7 can't do that but I can do something different and then we
8 would have an iterative dialogue to be able to try to
9 present what the issues are and then I wouldn't have to try
10 to do the reflexive issue, which is that if you want
11 admissions then maybe I have admissions that I want to ask
12 of you. Did you know of the bankruptcy proceeding? Did you
13 know of a problem with your car? Those things and try to
14 identify those issues, which may be relevant to certain of
15 the issues whether it's -- that they may tangentially relate
16 to the fraud on the Court issue, which may be off the table
17 now, but -- so I said stay with the stipulation and if we
18 can't agree to it we'll have a status conference in June and
19 we'll tell the judge this is as far as we could get and we
20 couldn't get all the way there, and if we couldn't agree on
21 everything then you could propose what kind of limited
22 discovery you think you need to conclude those facts that
23 are necessary to determine the purely legal issue. We'll be
24 able to evaluate it. And then if we can't agree with that
25 we'd be before Your Honor on something specific and

1 concrete.
2 And the problem that we were having between now
3 and May 2nd is that there was a lot of general propositions
4 that were asserted and many times the devil is in the
5 detail, and you need to know when someone says it's purely
6 administrative it's not substantive you really need to know
7 what they are talking about. When people say we can agree
8 to some facts and it's not going to be big, it's going to be
9 narrowly tailored you need to know what someone means when
10 they say narrowly tailored, because when actually try to pin
11 it down it becomes a lot more difficult.
12 So what we were proposing -- and I think there was
13 a lot of receptivity on it from the other side -- was a walk
14 and then run, which is give us a chance to try to do an
15 exchange and we'll see how good we are, and give us a chance
16 if we can't fill in all the gaps to how to complete the
17 discovery and we'll see how good we are, and if we can't do
18 it then I know that you're going to bridge the gap for us
19 and then we'll both live with whatever Your Honor rules.
20 And we're only looking to defer that consideration where we
21 otherwise couldn't agree for like a six or seven-week
22 period.
23 And the reason why we think that time period going
24 a little longer versus shorter is better -- and I think Your
25 Honor eluded to that as one of your tentative rulings that

1 sometimes things take a little longer and these serious
2 issues -- is that until we know how they've organized -- and
3 it's really their job to organize, but it's our burden to
4 make sure that we're dealing with 2 groups of people,
5 4 groups of people, or 20 groups of people, because it
6 becomes harder to figure out briefing schedules, potential
7 discovery, stipulation of facts if we don't know who the
8 people are that we're dealing with you may need to have a
9 little more time until they get better organized to be able
10 to do that. That's why we actually suggest in our agenda
11 letter is just tell us if you formed a group. That has the
12 salutary effect of at least we know who we're dealing with
13 and Your Honor will know whether they actually formed the
14 group, and those who decide they want to be outliers well
15 then they will have to stand up and tell Your Honor why they
16 need to be an outlier and the liaison groups couldn't
17 properly be formed.
18 But that's all we were trying to say on that
19 issue, which is give them an opportunity to get themselves
20 organized and let us know how successful you were, and where
21 you were not fully successful just let us know because we --
22 we on our side of the table procedurally have to deal if
23 they're not fully organized and then ultimately Your Honor
24 will have that same issue about how things are being
25 presented to Your Honor.

1 With regard to -- so that's why we thought we
2 needed a little more time. And by the way, the dates that
3 we selected in our letter were given to us by one of the
4 plaintiff groups, and the other plaintiff group actually
5 said, while they shortened our dates, they also said in
6 their letter that they're flexible about the dates. So I
7 don't think ultimately at the end of the day we're going to
8 disagree about dates, about when we're going to be here.
9 I think the general proposition is that between
10 now and some time in mid to late June when we'll have
11 another status conference we're going to try to accomplish a
12 stipulated record for briefing the threshold issues and to
13 see whether there's any discovery that is it warranted or
14 not with regard to that stipulated record.
15 And I would suggest also, and this is off my
16 agenda letter, but picking off on the tentative ruling,
17 trying to identify during that period of time the other
18 issues which are not threshold issues, the other bankruptcy-
19 related issues that we'd ask Your Honor to consider, and
20 we'd be doing all of that presentation at the next status
21 conference. And at that next status conference, to the
22 extent that the defendants are not fully organized, that we
23 would try to -- and it wouldn't be me, but it would be Your
24 Honor and the plaintiffs -- try to figure out how they can,
25 you know, get to the end to themselves more fully organized.

1 The tentative that you had about the GUC Trust,
2 late-filed claims, excusable neglect, we actually think that
3 this is an issue that should be dealt with. It is not our
4 issue, but to the extent that they've raised or some of them
5 have raised a procedural due process issue relating to the
6 bar order, which was after the sale order had taken place
7 and they're saying that they don't have a remedy -- an
8 effective remedy against Old GM, well there is a GUC Trust,
9 there are a number of -- there's a number of values still
10 left in the GUC Trust. Whether they actually are a
11 creditor, where they actually have excusable neglect I'm not
12 trying to prejudge it, but we were urging that they
13 shouldn't just assume that there was nothing there when
14 there is potentially something there and they should be able
15 to and should be almost in fact required to at least explore
16 that as an alternative to try to get a recovery, if they're
17 entitled to a recovery. I wasn't trying to say that they
18 were or not.
19 As far as the suggestion of mediation, it is
20 always hard to say that you're against mediation. The only
21 thing that I would say, Your Honor, is that New GM has hired
22 Ken Feinberg, who is a very well known person who tries to
23 figure out how to deal with circumstances and to how to
24 adjust situations on a non-legal base, but to try to
25 negotiate a resolution.

1 Mr. Feinberg is working on the matter but he
2 hasn't -- while studying what to do he hasn't taken it to
3 the next step. And my own feeling about mediation is that
4 we would like to see whether Mr. Feinberg -- what
5 Mr. Feinberg will do and not do and let's see where the
6 legal issues lie, but understand that the overall sentiment
7 that Your Honor expressed, which is that at the end of the
8 day if there's going to be a negotiated resolution you
9 better do it -- you're better off doing and being able to
10 pay the people who claim to have suffered injury, better off
11 paying them than to end up building up a big load star and
12 paying other people.
13 Your Honor had asked what the -- to confirm what
14 these lawsuits were about. Your Honor was absolutely
15 correct that under the MSPA, the asset purchase agreement
16 upon which New GM took assets, that New GM assumed the
17 liability for the glove box warranty, the lemon law
18 liability, and for accidents, incidents that led to the loss
19 of life, personal injury, or property damage for anything
20 that took place after the sale. So if there was an Old GM
21 vehicle that was -- got into an accident after the sale and
22 that led to an injury issue that was something that New GM
23 assumed the responsibility for.
24 These lawsuits are not those cases, and we didn't
25 move by the way just so it's clear -- we did not move to

1 enforce Your Honor's injunction for the presale accidents,
2 which were actually retained liabilities under the MSPA. We
3 purposely carved out the accident victims whether it's
4 presale retained liability or post-sale assumed liability,
5 because we wanted to focus in as to what these lawsuits were
6 about. These lawsuits are about a claimed economic loss,
7 the value of a car which is six, seven, eight, nine, ten
8 years old for the loss in value because of the announcement
9 that there was going to be an ignition switch recall and
10 that that car had lost its value until the time that it is
11 being repaired through the recall or not. I'm not sure if I
12 can figure that out.
13 THE COURT: Pause please. Maybe this question is
14 better directed at your opponents. But is this before or
15 after the cars were fixed?
16 MR. STEINBERG: This --
17 THE COURT: I mean the loss in value, because I
18 would assume that if a car hasn't been fixed it would lose
19 value, but I'm not sure what the view of --
20 MR. STEINBERG: This has --
21 THE COURT: -- parties would be after it's been
22 fixed.
23 MR. STEINBERG: This I don't think has anything to
24 do with the cars being fixed or not, because by virtue of
25 the recall New GM is committed to fixing the cars, replacing

1 the ignition switches, and to doing it tentatively now they
2 think they'd be able to complete it by the end of October of
3 this year. So everybody is going to have their car fixed
4 and so the ignition switch is going to be fixed. This is a
5 perceived loss in value of a car that has some history on it
6 for the -- because of the announced recall for whatever that
7 loss of value is.
8 So frankly in one of the individual cases that was
9 brought in Texas where we were involved in a litigation as
10 to whether all of the cars with the ignition switch issued
11 should be parked. The actual lawsuit was about a 2006
12 Cobalt -- Chevy Cobalt which had 165,000 miles on it, and
13 the issue was the deterioration in value of that car by
14 virtue of the announcement of the ignition switch recall.
15 That was what that lawsuit was about.
16 The injunctive relief was whether all cars should
17 be parked because of a perceived defect between now and
18 until it was repaired.
19 But that was the nature of that lawsuit, and I
20 know that if I'm not properly characterizing how the
21 economic losses are I'm sure that the people who'll follow
22 me at this rostrum will be able to -- be able to do that,
23 but that's my understanding of it.
24 These are people who have not had any accident,
25 any property damage, or personal injury, this is for the --

1 and they are going to get compensated for -- they are going
2 to get their -- the repair of the ignition switch by virtue
3 of the recall, and I think that to the extent that they had
4 to do it themselves before the recall has a provision about
5 whether they get compensated for that as well, but this is
6 for the perceived deterioration in the value of their car by
7 virtue of this announcement.
8 Now just to make it clear too because it deals
9 with the issue, Your Honor, as to what's, you know, the New
10 GM conduct versus the Old GM conduct. I think Your Honor
11 had talked about that. All of the -- all of the cars with
12 an ignition switch issue, all of them were Old GM vehicles.
13 By the time of the sale the ignition switch had been
14 corrected in the cars. The recall --
15 THE COURT: By that you mean new cars then being
16 constructed?
17 MR. STEINBERG: Right.
18 THE COURT: Okay.
19 MR. STEINBERG: The issue why the recall involves
20 some post-sale cars is a nuance difference.
21 What happened was someone with a new car, which
22 had a good ignition switch, would go in to have their car
23 repaired and there was a possibility that the person who
24 repaired that car, which may have been a GM dealer or may
25 have been someone totally different, they may have actually

1 put in an old ignition switch part. They may have taken a
2 good part out and put a bad part in. And since New GM
3 didn't know whether -- whether that -- which cars that
4 occurred to it announced the recall for some post-sale cars.
5 But the cars that would ever be impacted by this is a very,
6 very small element, but New GM is repairing all of those
7 ignition switches.
8 So the issue in our view is that we believe that
9 everything they're talking about relates to Old GM conduct,
10 Old GM manufactured cars, and that -- and that what they're
11 trying to build on is the fact that under the sale order and
12 the MSPA New GM accepted as a covenant, not an assumed
13 liability, but a covenant, to comply with -- with the
14 federal laws relating to recall, and they're saying that
15 that somehow creates claims because New GM didn't recall
16 these vehicles fast enough and that they should have done it
17 faster. And we believe that all of that relates to -- all
18 of those claims whether they could ever assert that as a
19 private right of action, which we don't think is correct, we
20 think all of that is an Old GM retained liability issue.
21 Now, I don't expect them to agree with my
22 recitation of that, but that is the nuance, right, that is
23 the issue as to why it's not a clear demarcation.
24 What is clear is that if New GM manufactured and
25 sold the vehicle and anything happen to do that vehicle that

1 is not a retained liability, that is a --
2 THE COURT: An ordinary liability.
3 MR. STEINBERG: -- that is an ordinary New GM
4 liability. And if there was an accident that has taken
5 place based on an Old GM vehicle, that is not before Your
6 Honor, that is not part of the list of ignition switch
7 actions that we brought before Your Honor, that's going to
8 go forward in New GM, understands that New GM is defending
9 that. It's not also part of the MDL. So that is -- that is
10 why I think --
11 THE COURT: Pause please, Mr. Steinberg, I'm
12 trying to keep up with you.
13 What was the very last thing you said, the nuance
14 you were making on what would still be going forward?
15 MR. STEINBERG: What is going forward is if
16 there's an accident relating to an Old GM car and if there's
17 an accident relating to a New GM manufactured car.
18 THE COURT: Any kind of accident.
19 MR. STEINBERG: Any kind of accidents are going
20 forward.
21 With regard to just the glove box warranty and the
22 lemon law, just so Your Honor understands the nuance that we
23 put in our papers, is that lemon law is defined in the MSPA,
24 it's defined as that you need to have brought it more than
25 one time to have a repair and it wasn't done. And our

1 argument is that while we did assume lemon laws none of
2 these ignition switch actions that have been pled to date
3 talk about having brought it once to have it repaired and it
4 wasn't repaired and the second time it wasn't repaired to
5 qualify within the definition of what a lemon law means for
6 purposes of our assumption.
7 So I think it's correct that we did agree to
8 assume lemon laws, but -- a lemon law type claim, but none
9 of what is being asserted here fits within that paradigm.
10 If I'm wrong and there's a particular nuance out
11 of all the lawsuits that have been brought that was one of
12 the elements that we had asked for in our motion to enforce
13 which is in effect to show cause, tell us why you think
14 you're not otherwise bound, that you fit within the lemon
15 law that we assume because of your particular fact
16 circumstance and then we would evaluate it. Because I can
17 make the general statement, but there may be a specific
18 exception that I haven't accounted for, but the general
19 statement is as far as I'm aware, based on the general
20 pleadings that have been done, is that no one asked to have
21 this being repaired a second time. And as far as the glove
22 box warranty we're -- for all of these vehicles we're -- or
23 almost all these vehicles we're outside of the glove box
24 warranty, it's expired by this point in time.
25 So I think, Your Honor, with regard to the issue

1 that you had raised about the threshold issues we actually
2 had thought that the issues that had been raised in the
3 adversary proceeding under Rule 60 were all threshold
4 issues. We understand the differences, and if it turns out
5 we can streamline discovery significantly by taking out
6 fraud on the Court that may be a better way to go, and we do
7 agree also that the discrimination issue that was raised by
8 Mr. Weisfelner in his papers is a pure legal issue. I
9 frankly think Your Honor has decided the legal issue before,
10 but it's a pure legal issue and we think it should be taken
11 off the table. And frankly there's a practical reason why
12 it should be taken off the table and we eluded to it in our
13 papers.
14 One of the things that Mr. Feinberg has been hired
15 to do is to evaluate whether there's something that should
16 be done to these prepetition accident victims, people who
17 have actually had an accident to which are a retained
18 liability should New GM --
19 THE COURT: That would mean people who were
20 injured in prepetition accidents who were only getting 30
21 cents on the dollar who had filed claims --
22 MR. STEINBERG: That's correct.
23 THE COURT: -- or who had blown the bar date but
24 were actually hurt?
25 MR. STEINBERG: Right. That's why Mr. -- that was

1 one of the primary reasons why Mr. Feinberg has been hired,
2 to see whether there's something that should be done as a
3 general basis.
4 If someone is going to say that if we did someone
5 on a voluntary basis for those victims, those people who
6 actually suffered an injury from an accident that we're
7 somehow picking up liabilities for a bunch of people who are
8 worried about the deterioration and the value of their car
9 then I think we need to know that, and so therefore we want
10 to put this as an earlier issue and not a later issue. And
11 if they want to abandon it because they don't think it's a
12 proper issue to raise then that's okay too. We're not
13 trying to litigate something that they're prepared to
14 abandon, but it has been raised.
15 If you actually read the pleading filed by -- on
16 this issue it makes it seem like it's a very important issue
17 and we're prepared to meet it head on and to -- and I don't
18 think it requires any discovery at all.
19 If you just bear with me just one second, Your
20 Honor, just to go through the rest of my notes.
21 I think that Your Honor when we -- when I came
22 into court and I think Your Honor summarized it correctly we
23 had actually agreed in many concepts with the people that we
24 had spoken with, and so there was a general understanding
25 that they would stand down on litigation and that those who

1 didn't -- who weren't prepared to stand down would have to
2 show cause as to why they think they shouldn't stand down.
3 And there was a recognition on our part that to
4 the extent that we got bogged down for some reason that we
5 couldn't envision on the threshold issues and the other
6 bankruptcy-related issues needed to be brought to attention
7 or that they thought that there were issues that were not
8 bankruptcy-related issues but they had decided to in effect
9 wait on and that they would otherwise be a part of the MDL
10 we had agreed, and I think the date differences were end of
11 July versus beginning of September, we would have an
12 effective grace period but then we thought they had to come
13 to Your Honor. If they wanted to relax the stay because
14 they thought they were otherwise being aggrieved because
15 this process wasn't playing out the way that they had
16 envisioned or that they thought they --
17 THE COURT: You mean the process before me in
18 terms of --
19 MR. STEINBERG: That's correct.
20 THE COURT: -- getting these issues --
21 MR. STEINBERG: That's right.
22 THE COURT: -- judicially decided?
23 MR. STEINBERG: They then could try to make their
24 case before Your Honor, and we thought that that was okay.
25 I mean no one -- no one could quite envision exactly how

1 this is going to go, we wanted to have a breathing spell to
2 make sure that this is going along in the direction that
3 everybody thinks it's going along, but we were not looking
4 to permanently foreclose anybody's rights if they thought an
5 adjustment had to be made. And so if they needed to have
6 that explicit as part of their agreement up front to stay
7 their litigation then we were prepared to do it, and I think
8 there was just a difference in a month, and I think our date
9 was -- probably made more sense because of the inherent
10 delays that we'd have in the system.
11 I think, Your Honor, we had agreed on most of the
12 threshold issues and Your Honor's tentatives had addressed
13 the rest. We had actually agreed to in effect do this in
14 two steps, and Your Honor has properly identified that while
15 doing it in the two steps we should make progress and try to
16 identify what will be litigated in the second step. And I
17 think Your Honor's tentative addressed the differences we
18 had on stipulations of facts versus admissions and the
19 timing of submissions.
20 So I think Your Honor's tentatives have bridged
21 the gap where we differed and we were fairly close coming
22 into the courtroom, and I think you for that and I'll turn
23 over the rostrum to other people.
24 THE COURT: Before you do, please, Mr. Steinberg.
25 The day after you wrote your letter, I think yours

1 was on April 30th, I got both a letter and a black line from
2 Mr. Weisfelner where he'd massaged what had been one of your
3 paragraphs and he gave me a black line articulating issues
4 that would be decided as threshold issues. Is there any
5 difference between you and Mr. Weisfelner, that is between
6 your thinking and his black line mark up?
7 MR. STEINBERG: Yes. The --
8 THE COURT: On that point, how so? I didn't
9 follow that.
10 MR. STEINBERG: Well our original proposal
11 included fraud on the Court being a threshold issue and they
12 had crossed that out, so that is one difference.
13 The second difference was that we thought the
14 discrimination argument was a threshold issue and they had
15 said they didn't think it should be a threshold issue.
16 THE COURT: So he wanted to drop fraud on the
17 Court from the first phase and you leaned in favor, although
18 I thought you -- the way I heard you you didn't think of it
19 as something you felt strongly about, you thought that with
20 limited discovery it could be considered as a Phase I issue
21 and you favored inclusion of the discrimination argument and
22 you understood him to prefer not to deal with that now.
23 MR. STEINBERG: I think he crossed that out and
24 asked to not deal with that, yes.
25 THE COURT: Okay.

1 MR. STEINBERG: So --

2 THE COURT: Thank you.

3 MR. STEINBERG: -- and so just to be clear, while

4 I thought fraud on the Court should be a threshold issue

5 because it's a Rule 60 issue, to the extent that we can

6 accomplish something significant on the discovery front in

7 curtailing it then I understand clearly the logic of making

8 that a secondary issue.

9 THE COURT: Okay. Thank you.

10 Mr. Weisfelner.

11 MR. WEISFELNER: Judge, thank you, I don't know

12 what Your Honor's preference is.

13 Not only have some of our thoughts matured and

14 changed over time but based on Your Honor's tentatives and

15 the questions you asked they may change even further.

16 I don't know that we can accomplish a lot in a

17 ten-minute recess, but one of my colleagues passed me the

18 note to ask if you thought it would be appropriate. If not

19 I can start and go forward and take a break whenever Your

20 Honor thinks is good.

21 THE COURT: Well if you think it would be

22 productive I'm not going to stand in the way of that,

23 Mr. Weisfelner. I don't want to use up what is relatively

24 limited time that we have if it drifts, and there are a lot

25 of people both on the phone in this courtroom and presumably

1 in overflow courtrooms, but if you think you can usefully
2 use ten minutes I think that's a good investment.
3 MR. WEISFELNER: And, Your Honor, I think ten
4 minutes is the right -- we're either going to make progress
5 in ten minutes or we're not.
6 THE COURT: Okay.
7 MR. WEISFELNER: So I wouldn't want anymore than a
8 ten-minute adjournment.
9 THE COURT: Then let's recess until five to 11:00
10 on the clock up there.
11 MR. WEISFELNER: Thank you, Judge.
12 THE COURT: Thank you.
13 (Recess at 10:44 a.m.)
14 THE COURT: Have seats everybody.
15 MR. WEISFELNER: Your Honor, thank you for the
16 time, I think it was well spent.
17 Judge, for the record, Edward Weisfelner, Brown
18 Rudnick LLP appearing on behalf of the Robinson Calcagnie
19 firm, and I have Mark Robinson of the firm with us in court
20 today as well as Haigins Berman (ph), and as Your Honor has
21 indicated while they reserve the right obviously to correct
22 me where I go wrong we are working closely together with
23 Sander Esserman of Stutzman, Bromberg, Esserman & Plifka, as
24 well as Elihu Inselbuch of Caplin & Drysdale, and as I think
25 Your Honor knows the collective plaintiff group has also

1 asked the three of us to coordinate our activities as we
2 deem necessary with Ms. Siganowski (ph) of the Otterbourg
3 firm, and we will utilize her services as appropriate and
4 necessary.
5 Judge, I want to as Mr. Steinberg did address your
6 tentatives, move on to your questions and avoid merits, name
7 calling, and the other no-noes that Your Honor laid out, but
8 I would like to note a couple of factors that I think are
9 relevant and bleed directly interest your tentative ands
10 your questions.
11 What one may characterize as part of the good news
12 there's lots of information in the public domain regarding
13 the defect that's the subject of the recall. Lots in the
14 public domain about who knew what when.
15 I characterize that as good news to the extent
16 that, and as Mr. Robinson has indicated to me, in his many,
17 many years of litigating in the auto products field both in
18 terms of Toyota, the Ford Pinto, claims against GM, it's
19 rare that you see this level of information already in the
20 public domain before discovery or formal discovery between
21 the parties necessarily starts. That's part of the good
22 news.
23 Part of the bad news is, depending on your
24 perspective, but I think it's a relevant factor in
25 understanding how the parties can or can't get together in

1 terms of the timing of the resolution of the issues, the
2 fact of the matter is that New GM, as we understand it, is
3 the subject of a -- it's a term of art -- boatload of
4 regulatory investigations. We are aware of congressional
5 investigations, and maybe there's more than one, at least
6 one attorney general investigation, an SEC investigation.
7 We understand that New GM has commenced its own internal
8 investigation, and I may have run out of fingers to count
9 just how many investigations they're currently the subject
10 of.
11 I mention those because one could imagine a
12 sensitivity on the part of a corporate entity to necessarily
13 engage in discovery during the pendency and/or before
14 investigations of both civil and potential criminal
15 consequences are concluded. And I can only advise Your
16 Honor that I think it behooves both sides to take the
17 reality of what's going on in the marketplace into
18 consideration with regard to the timing of discovery or the
19 narrowing of issues between the parties. There are other
20 factors that might influence either side of the tables'
21 speed with regard to those issues.
22 Your Honor, to address the tentatives.
23 First of all I think from a starting perspective,
24 and I was unavailable for another meeting among plaintiffs
25 that took place yesterday in New York, but I've gotten a

1 download, and I'm not blaming Mr. Steinberg, Your Honor
2 ought to know that with one outlier, and only one outlier
3 that I'm aware of, the plaintiffs as a group are on the same
4 page and intend, unless I or Elihu or Sander slip up, to
5 allow one or the other of us to speak for the group, and I
6 presume that outlier will speak for him or herself at an
7 appropriate time.
8 And I also understand that the difference of
9 opinion between all of the plaintiffs and this one single
10 plaintiff really comes down to what ought the threshold
11 issues be that the parties work towards preparing and
12 presenting to Your Honor for as efficient resolution as is
13 possible. And it boils down to a distinction between
14 whether or not we focus our collective attention on the what
15 we think is the right threshold issue, whether or not
16 parties impacted by this ignition switch problem were denied
17 due process, and if so what's the appropriate remedy?
18 They would, the outliers would like to put on the
19 table as part of the threshold issue a determination of
20 whether or not there was fraud on the Court. And, Your
21 Honor, again, for reasons that we can delve into I don't
22 think they're necessarily appropriate for today because
23 there'll be another status conference where I think whatever
24 remaining differences there are between the plaintiffs taken
25 as a group and New GM can and will be resolved down to the

1 details of timing for discovery, briefing, and subsequent
2 hearings.
3 Your Honor, the next tentative you talked about
4 was the MDL proceedings and I'd like to unpack that just as
5 a matter of fact into two parts, because I think as to part
6 number one there is unanimity in the entirety of the
7 courtroom. All plaintiffs and New GM as to what happens in
8 step one, and as I understand it only a very narrow
9 disagreement on what I'll call step number two.
10 And, Your Honor, please forgive me because the one
11 thing I'm not is a class action or tort lawyer, I'm just a
12 measly bankruptcy lawyer, but this is what I understand the
13 two parts to be.
14 Part number one, on May 29th in Chicago before a
15 joint panel on multidistrict litigation, which I understand
16 consists of some seven Article III judges, that panel will
17 determine the venue for any further multidistrict litigation
18 consideration, and I've been told that the panel has under
19 consideration --
20 THE COURT: Pause. When you put it that way I
21 wasn't clear on whether you were talking about it consistent
22 with my understanding of what would be done by the judicial
23 panel and multidistrict litigation. Is this 28 U.S.C. 1407?
24 MR. WEISFELNER: Yes, it is, Your Honor.
25 THE COURT: Which as I understood it addresses the

1 locale for pretrial proceedings in multiple litigation after
2 which when the pretrial proceedings end they're farmed back
3 to whatever districts, venue would otherwise be appropriate?
4 MR. WEISFELNER: Correct. So --
5 THE COURT: Now were you meaning -- forgive me.
6 Were you meaning to say something different than my -- what
7 I just said?
8 MR. WEISFELNER: No, other that where I think we
9 all agree is that nothing is going to interfere with, and
10 none of the parties or the Court, nor will the Court be
11 asked to interfere with the activities of the joint panel on
12 the 29th, which we all understand to mean that they'll pick
13 an ultimate venue for MDL proceedings as between Michigan,
14 California, New York, or some other jurisdiction.
15 Where we appear to have a difference of view, as I
16 heard Mr. Steinberg discuss the issues before Your Honor,
17 was how far should the MDL go once it receives the case some
18 time after May 29th?
19 THE COURT: By that you mean the temporary
20 transferee court after it's been transferred by the panel?
21 MR. WEISFELNER: Correct.
22 THE COURT: Okay.
23 MR. WEISFELNER: And as I understand it what that
24 court will do is procedural, it will among other things
25 select lead and/or liaison counsel not for bankruptcy

1 purposes but for purposes of actually trying the case, and
2 as typically happens would require that the many complaints
3 filed against New GM -- and as I understand it they're up to
4 some 60 plus different class action complaints -- be
5 procedurally consolidated into a single complaint, a process
6 that my guess will take a period of time, and certainly a
7 period of time beyond what we anticipate to be the next
8 status conference before Your Honor.
9 But we wouldn't want the record of this or any
10 other proceeding before Your Honor to be used or cited for
11 the proposition that from Your Honor's perspective getting
12 the complaints narrowed down to a single complaint, doing
13 whatever else it is that the MDL judge typically does, which
14 is figure out which counsel they're going to for lack of a
15 better word lead the fray, there should be nothing that
16 impacts that procedural mechanism from moving forward. It's
17 going to in our view at least get the parties or -- and the
18 issues that may ultimately be tried narrowed and get the
19 disbursed plaintiffs' groups better organized on the merits
20 should they ever get to the merits.
21 THE COURT: Pause, please, Mr. Weisfelner.
22 MR. WEISFELNER: Certainly.
23 THE COURT: Can you envision a scenario under
24 which rulings by me might affect the extent to which claims
25 remain which would then be the subject of gathering up and

1 bundling in that amended complaint?
2 MR. WEISFELNER: Certainly, and again, this is
3 just my opinion, but when viewed from the perspective of
4 judicial economy if there is a single complaint and Your
5 Honor were then to determine what's kosha (ph) and what's
6 unkosha (ph) about that amended complaint one has an easier
7 vehicle to start making chops to.
8 As opposed to, and it sort of bleeds into some of
9 your other tentatives and some of your other questions, have
10 a multiplicity of lawsuits and then having to parse each and
11 every one of them to determine what portion of the
12 allegations, the complaints, the prayers for relief does or
13 doesn't violate or do violence to Your Honor's directive as
14 it currently stands or as it may ultimately morph after this
15 procedure currently before you develops.
16 THE COURT: You said what I had anticipated that
17 you would say. The corollary of that would at least
18 seemingly be that after the panel sends it wherever it's
19 supposed to go, and I'll call it the transferee judge, even
20 though it may eventually go back somewhere or to different
21 places, that there simply be a stop, look, and listen, vis-
22 à-vis, interfering or not interfering with the acts of the
23 transferee judge after determinations have been made in this
24 court and everybody in this room has had his chance to speak
25 his peace.

1 MR. WEISFELNER: And, Your Honor, I think like
2 many things in life it's all a matter of timing. Because I
3 anticipate the transferee court is never going to get around
4 to the job of figuring out what's the next procedural steps
5 to narrow the issues that may be before him or her. I think
6 we'll be further advanced on the issues that need to be
7 resolved by Your Honor, and the coordination between Your
8 Honor's decision making process and what does or doesn't
9 happen in the MDL will be much further advanced.
10 So while I'm not sure that it benefits anyone to
11 pursue this in any greater detail, my only point with regard
12 to this is I detected a difference between where we come
13 out, where I thought New GM was coming out on this, and what
14 I heard Mr. Steinberg say earlier this morning, which is we
15 have to leave open the possibility that the MDL proceedings
16 may be put on ice simply because this process is still
17 ongoing without a resolution.
18 THE COURT: Well stand by. Mr. Steinberg, come on
19 up and take Mr. Weisfelner's place for a second.
20 Is there a substantive disagreement here? Because
21 I thought I was hearing consensus that we'd let the MDL
22 panel decide who the transferee district should be and then
23 we're going to have stuff that goes on here.
24 Would you have a substantive or procedural problem
25 with doing a stop, look, and listen in this court to then

1 decide whether I should enjoin the transferee judge from
2 doing anything more, or should not do so?
3 MR. STEINBERG: Your Honor, I would agree with
4 everything that you say except that I would assume that you
5 would be enjoining the parties not the court from moving
6 forward.
7 THE COURT: Correct. And I don't think in 13 and
8 a half years I've ever enjoined a court, but I enjoin
9 parties all the time.
10 MR. STEINBERG: Then other than that, Your Honor,
11 I agree with exactly what you said.
12 THE COURT: Okay.
13 All right, Mr. Weisfelner, I think that issue just
14 went away so come on up and let's proceed.
15 MR. WEISFELNER: Great.
16 Your Honor, we take your points to heart with
17 regard to tentatives three and four both with regard to the
18 propriety of standstill agreements and your admonition that
19 we don't necessarily -- we shouldn't necessarily be rushing
20 in favor of getting it right.
21 One area where I think the parties may need some
22 additional time with each other but maybe we could explore
23 in a little bit more detail Your Honor's tentative with
24 regard to new complaints along the lines of what Mr. Flaxer
25 filed.

1 And I will tell Your Honor frankly that before
2 Mr. Flaxer hit the docket with his complaint I know I and my
3 shop and I venture to guess many other shops were working on
4 similar complaints.
5 Viewed from our perspective is the right
6 procedural mechanism for bringing the issue before Your
7 Honor; however, once we had the advent of New GM's motion
8 frankly I'm not sure what the procedural advantage is of
9 moving forward with that adversary proceeding complaint much
10 less inviting other parties to replicate it or to file
11 additional or add-on adversary proceeding complaints. It
12 may -- it may involve some interesting work by a bunch of
13 bankruptcy and/or class action firms. I think it's just
14 going to clog the docket here, and I think procedurally we
15 were of the view that rather than lose any of the
16 allegations or procedural advantages that are perceived or
17 actually exist in the adversary proceeding they all ought to
18 be subsumed within the contested matter. Parties ought to
19 be afforded an opportunity to file their own objections to
20 the motion, join in our objection to the motion, or anything
21 in between.
22 But I'm not sure, nor do my colleagues feel, that
23 there's necessarily a substantive or procedural advantage to
24 separating the adversary proceeding and giving it a life of
25 its own even for the purposes of inviting other people to

1 file new adversary proceedings.

2 THE COURT: I partly lost you with the negative

3 that was in your last sentence. In other words you're

4 saying the formalities aren't important, put it in a big

5 bundle and just decide it all together or am I --

6 MR. WEISFELNER: That's exactly --

7 THE COURT: -- stating it too crudely?

8 MR. WEISFELNER: No, that's -- well, you couldn't

9 have stated it any cruder than I would have had I thought

10 about it, but that's exactly our sentiment, you know, let's

11 have one bundle and not have separate adversary proceedings

12 and separate contested matters, let along invite people to

13 file new adversary proceedings that address the same issue.

14 And I think the parties did intend on conferring with each

15 other on appropriate procedural mechanisms to allow that

16 ball of wax to form without violating anybody's procedural

17 or substantive rights. And I think we can come up with in

18 very short order, certainly before the next status

19 conference, the procedural mechanism that we think is

20 appropriate. But what we would like to avoid is either the

21 necessity or the thought out there that people better rush

22 to file, you know, identical or new or expanded adversary

23 proceedings.

24 THE COURT: Now that's a different point than the

25 separate -- at least in your mind from the separate point

1 that I thought I was making that if there are any
2 substantive issues on the table that haven't been
3 potentially to be put on the table that I want to hear what
4 those points are.
5 MR. WEISFELNER: And I think that can be readily
6 accommodated by virtue of setting a date by which parties
7 will want to respond to the motion that New GM has filed. I
8 mean we obviously filed within, and I think before the
9 expiration of 24 hours. Obviously there may be people out
10 there with further reflection that come up with better,
11 different, more expansive responses and we don't want to
12 preclude that. We just don't want to get into a
13 (indiscernible - 01:19:05) of a separate docket for an
14 adversary proceeding, a separate docket for contested motion
15 practice, and any possibility that, you know, the resolution
16 of those issues shouldn't be at some point joined. And
17 again, I think the parties can work out a proposal for Your
18 Honor's consideration that deals with melding together the
19 adversary proceeding and the contested matter.
20 Number five, Your Honor, which I guess was the
21 issue between stipulations and admissions. And, Your Honor,
22 I think the answer is we get it and the parties will work as
23 best they can on stipulations and will only elevate the heat
24 intention as we have to both in terms of narrowing discovery
25 and avoiding unnecessary contests that have to be determined

1 by this Court. And again, you know, I'm focusing on all of
2 this from the perspective of the what we've referred to as
3 the gaiting issue.
4 And this -- and I want to sort of then flip to the
5 questions that Your Honor asked, and either attempt to
6 respond to them or tell you why I'd like to evade them as
7 best I can.
8
9 And again, you know, I'm focusing on all of this from
10 the perspective of the what we've referred to as the gaiting
11 issue. And this -- and I want to sort of then flip to the
12 questions that Your Honor asked, and either attempt to
13 respond to them or tell you why I'd like to abade them as
14 best I can.
15 THE COURT: Before you move on to those, please,
16 Mr. Weisfelner, the one issue that I still see as open
17 between you and Mr. Steinberg is with respect to two issues
18 that might or might not be addressed as part of Phase I, the
19 most classic threshold issues, fraud on the Court and
20 discrimination amongst different kinds of creditors.
21 My preference would be in terms of meeting my own
22 responsibilities would be to get issues on the table and
23 teed up for judicial determination, and to the extent
24 practical decided sooner rather than later, which would
25 cause me to come to the view that on fraud on the Court, if

1 we could deal with that without having the associated
2 discovery bog us all down, it would be handled sooner rather
3 than later and the same thing with discrimination, which
4 doesn't seem to involve discovery issues.
5 I sense that you would prefer to defer fraud on
6 the Court, but would you be of the same mind to defer it if
7 just the limited discovery of the type that Mr. Steinberg
8 recommended were undertaken so that issue could be teed up
9 with the others?
10 MR. WEISFELNER: Your Honor, we would be opposed
11 to it and let me explain why.
12 First of all we share Your Honor's perspective
13 that issues that could resolve matters from the perspective
14 of either side where discovery can be limited ought to be
15 preferred on issues that potentially don't decide the matter
16 even if they don't require a lot of discovery.
17 So let me take the easier example first, the
18 discrimination issue, raised in retrospect unfortunately in
19 my papers as opposed to anybody else's. And, Your Honor, it
20 seems to me that we could brief that issue at whatever cost
21 is required. It doesn't require discovery. Your Honor
22 could make a ruling.
23 And notwithstanding how you rule I don't think it
24 gets the plaintiffs any closer to trying claims against New
25 GM or for that matter New GM any closer to preventing the

1 plaintiffs' claims from moving forward based on their
2 reliance on the injunction and the sale order. It's an
3 interesting issue but it's in no event dispositive of either
4 parties' position on the fundamental issue.
5 For that reason, even though I was the one who
6 first raised it and frankly raised it before I understood
7 the entire history behind the metamorphous that the final
8 sale order took on the carve out for wrongful death, injury,
9 and property damage, which as I understood it originally
10 what New GM was purporting to assume was wrongful death,
11 personal injury, property damage solely with regard to cars
12 that it sold post-petition or post-sale rather, and it
13 morphed at the direction in part of various attorneys
14 generals and consumer advocates.
15 THE COURT: In the middle of the trial.
16 MR. WEISFELNER: Sorry?
17 THE COURT: In the middle of the sale trial.
18 MR. WEISFELNER: Right.
19 THE COURT: Yeah, I remember the history.
20 MR. WEISFELNER: Okay.
21 THE COURT: Oh, by the way I'm going to interrupt
22 you. I want each side not to tell me today but to think
23 about the extent to which I'm allowed to use my knowledge of
24 what happened back then in connection with the findings of
25 fact.

1 MR. WEISFELNER: Well, Your Honor, I could tell
2 you now without even consulting with my colleagues, unless
3 Your Honor were to be willing to undergo a lobotomy I don't
4 know how anyone could take the position that Your Honor
5 cannot, should not, or may not take into account your
6 knowledge and familiarity with what transpired during the
7 bankruptcy proceeding and in fact during post-reorganization
8 or post-restructuring matters that were brought to Your
9 Honor's attention.
10 But I want to sort of get back to --
11 THE COURT: Pause.
12 MR. STEINBERG: I was going to -- without
13 inferring whether there should be a lobotomy or not -- I was
14 going to say that we agree with Mr. Weisfelner as well, that
15 you should be able to take into account your position.
16 THE COURT: Okay. Fair enough.
17 Go on then, please, Mr. Weisfelner.
18 MR. WEISFELNER: Any way, Your Honor, I'm sort of
19 getting back to what we ought to be collectively spending
20 time and attention on.
21 From the plaintiffs' perspective we ought to be
22 spending time and attention, which converts into money and
23 effort, in dealing with as narrow a set of facts that we
24 have to deal with to determine whether or not the sale order
25 applies to our underlying clients.

1 The discrimination argument, Your Honor, may be
2 left on the table in the unlikely from my perspective and
3 unfortunate event that we lose the threshold issue. But why
4 it needs to be determined today, even though it's an issue
5 of law and not a matter to discovery, it's not dispositive
6 from either sides' perspective, it doesn't get us closer to
7 where either one of us wants to get to.
8 And if I could then turn to the fraud on the Court
9 issue.
10 Your Honor, there are subtleties on top of
11 subtleties on top of details that suggest to us that you
12 could not make a determination with regard to fraud on the
13 Court with anywhere close to the narrow discovery that
14 Mr. Steinberg suggests. And it's sort of all subsumed I
15 think or fear in the whole due process argument, and without
16 in any way trying to argue the merits but just to lay out
17 what the issues are as objectively as I can without tilting
18 them in either direction, remembering again that there's a
19 lot of information in the public record about what GM knew
20 when they knew it with regard to the ignition switch.
21 I think that New GM would say, well, wait a
22 second, determining GM's -- Old GM's knowledge and for that
23 matter New GM's knowledge isn't necessarily determined --
24 and I use this very bad analogy but I'll give it to you any
25 way -- by focusing on the guy in the test laboratory who's

1 got grease up to his elbows and is wearing overalls. That
2 person may have knowledge, but it may not necessarily be
3 imputed to someone sitting in a conference room who has the
4 luxury of wearing a suit and tie every day. And I think New
5 GM may ultimately argue that Joe the mechanic's knowledge
6 isn't to be imputed into an executive office let along a
7 board room.
8 Now frankly we're encouraged by the fact that
9 plenty of people who wore suits and white collars have
10 already put their position on the record or it's otherwise
11 discoverable through things that the National Highway Safety
12 Council has made available or the Congress has made
13 available or what we can read and report on in the press,
14 but to suggest that we can or should pursue fraud on the
15 Court to my mind and gender is a discovery dispute at three
16 different levels by the way. Old GM, New GM, and based on
17 not my intuitions, but my discussions, I think we're going
18 to get into a discussion of what treasury in its role as the
19 intermediary between Old GM and New GM knew or didn't know.
20 And as much as I like spending time with Matt
21 Feldman and Jim Milstein (ph) and Harry Wilson, I don't know
22 that I necessarily want to get involved in discovery of what
23 any of those people knew or should have known in the context
24 of proving --
25 THE COURT: You used the word should have known.

1 Since when is should have known an element of a claim of
2 fraud against the Court?
3 MR. WEISFELNER: Your Honor, I'm not sure that it
4 is, which is another reason why when I think about this, and
5 maybe I think about it in an overly simplistic fashion, but
6 I have the comfort of knowing that my co-counsel thinks
7 about it the exact same way, in fact all of the plaintiffs
8 think about it exactly the same way with the exception of
9 one possibly outlier, and that is if I start with the
10 proposition, understanding that it's a proposition and not a
11 proven fact, that the consumers of this product were known
12 to have had a defective product and that Old GM did nothing
13 to let those people know that they had a defective product,
14 didn't give them notice of the bankruptcy, didn't give them
15 notice of the sale, and didn't give them notice of the
16 extent to which the sale could affect their rights, if our
17 contentions are accurate isn't it the case that these
18 individuals were deprived of due process?
19 In that context should the sale order apply to
20 them or should some portion of the sale order apply to them?
21 Not a revocation of the sale order, we're not going cut it
22 up and carve it out and chop it up as it relates to anybody
23 else other than people who prove to you that they were
24 denied due process.
25 Why we need to then get into at this stage the

1 other elements of fraud on the Court, Your Honor, we
2 respectfully suggest is beyond what we ought to be doing if
3 we want to do something efficient and effective from the
4 perspective of these injured parties.
5 THE COURT: Do you think that for the purposes
6 solely of my case management discretionary calls, as
7 contrasted to the merits in figuring out how we should tee
8 these things up, it's appropriate for me to assume that
9 there might be a difference between defrauding the driving
10 public on the one hand and defrauding the Court on the
11 other?
12 MR. WEISFELNER: Yes. And, Your Honor, I'd make
13 the distinction though, we're not defrauding the driving
14 public, that's not our contention. Our contention is that
15 the number of people who bought, leased, or owned these
16 cars, and to my knowledge, the number is something below 3
17 million, I could be wrong, so it's not the driving public,
18 it's these specific people that were sold cars with this
19 ignition switch problem.
20 And again, this is not the place or time to get
21 into this, so then I won't, I just want to get back to your
22 issue. I do think that it's a matter of Your Honor's
23 discretion in setting our own calendar in terms of dealing
24 with dispositive issues first.
25 If Your Honor were to decide that these people

1 were denied due process, and therefore, the injunction that
2 New GM bargained for should not apply to them, case over,
3 from our perspective.
4 It's only if Your Honor were to decide there was
5 no denial of due process, that we may want to ask Your Honor
6 to tee up and consider other issues. Until that time, I
7 think it's a matter of case management and Your Honor's
8 discretion, that's the right way to go. And I say that
9 because we've thought about it, and we think it's the right
10 way to go, not to be determinative of what Your Honor
11 decides in terms of exercising your own discretion.
12 But we clearly think it's the easy way to go, and
13 I'm not sure I understand how expanding either the factual
14 issue or the legal issue into fraud on the Court serves the
15 purpose of narrowing the issues and letting the parties and
16 the Court get to the -- a resolution in the most cost-
17 effective manner possible.
18 Now, Your Honor, I'm happy to sort of move on to
19 the questions that Your Honor had.
20 THE COURT: Go ahead. And I'm going to do this in
21 such a fashion as I possibly can, so as not to insult the
22 Court. But you asked what's left its engendered so much
23 heat, and with all -- in other words, what are the damages
24 that people could possibly be concerned about here, since
25 wrongful death, personal injury, and property damage are off

1 the table.

2 And Mr. Steinberg in his opening tried to -- or

3 talked to you about five, six, seven, eight-year old cars

4 driven a lot of miles that have a broken switch that GM's

5 prepared to fix, so what are the damages.

6 Oh, and I think he mixed in the fact that we're

7 talking about a pretty cheap set of vehicles, Chevy Cobalts

8 and other such cars. And, Your Honor, in the simplest

9 terms, it's our view that the measure of damages that

10 plaintiffs could prove were they permitted to pursue claims

11 against New GM, notwithstanding your injunction, is a matter

12 for determination by a court of competent jurisdiction who

13 doesn't have New GM waving the injunction in front of it.

14 Once that injunction is gone, Your Honor's

15 question is really within the bailiwick of Court's

16 interpreting state law, federal --

17 THE COURT: Forgive me, with respect to you, Mr.

18 Weisfelner, that isn't the purpose of my question. The

19 purpose of my question is to ascertain the extent to which

20 claims your guys want to bring, is or is not within the

21 scope of the existing sale order, which is the question

22 which we start with after which we then determine the extent

23 to which the provisions of that sale order are in whole or

24 in part unenforceable against your constituency.

25 MR. WEISFELNER: Ah.

1 THE COURT: So please do not restate or
2 misunderstand my question.
3 MR. WEISFELNER: Thank you, Your Honor. I did --
4 I misunderstood it completely.
5 I should call to Your Honor's attention, and I'm
6 hoping that this is in the process of being fixed, because
7 I've been told that's in the process of being fixed, but one
8 would hope that as this process moves forward and the
9 parties reach consensus on how to form and present the
10 issues in the most effective way, that we don't have
11 exacerbation of the problem or the issue.
12 We were told the story about an individual who in
13 connection with the recall went to his or her dealer to have
14 this ignition switch fixed, and was presented by the dealer
15 with a form that she was being told she had to sign before
16 the work could be done on her car.
17 And the form, while I haven't seen it, I'm told,
18 either had the individual consenting to arbitration of any
19 issue that may arise in connection with the work that was
20 being done and/or contained a waiver of any claims that
21 could be asserted in connection with any of the work that's
22 being done.
23 Now, I'm told that these issues were brought to
24 New GM's attention and New GM has or is in the process of
25 ensuring through communication with its dealers that the

1 fixing of the switch is not to be conditioned on parties
2 signing anything that may impact their claims or causes of
3 action going forward, and that to the extent that people
4 have already signed anything as a precondition to having
5 their car dealt with on a recall, that it won't be enforced
6 or sought to be enforced by New GM.
7 The other thing I want to bring to Your Honor's
8 attention, and again, it's not within my bailiwick, except
9 that I've heard enough about it from underlying plaintiffs'
10 lawyers and have read enough about it is, there is not an
11 agreement between this side of the courtroom, meaning the
12 plaintiff's side --
13 THE COURT: Pause please, Mr. Weisfelner.
14 Right after you told me that anecdote, which
15 troubled me, as it would trouble most folks I think, you
16 said that when GM, New GM heard about it, it pulled the plug
17 on that deal -- issue acting that way, and told them, you
18 didn't use these words, you, jerk, you can't do that. So
19 why did you tell me that?
20 MR. WEISFELNER: I told you that for at least two
21 reasons. Having New GM tell the dealers to stop acting like
22 jerks may or may not cause the new dealers -- the underlying
23 dealers and the fixers, guys who are dealing with the
24 recall, to stop acting like jerks. And I just wanted to let
25 Your Honor know that we are concerned about people acting

1 like jerks on a going forward basis.
2 The second reason I brought it to Your Honor's
3 attention is, to the extent that people have historically
4 signed the pieces of paper that the jerks gave them to
5 review, I haven't seen anything in the record other than an
6 oral communication that said New GM will not hold those
7 releases or agreements to arbitrate against the plaintiffs,
8 I raise it now only because for all of our benefit, we'd
9 like to see something about this in writing at some point.
10 I brought it up in the context of Your Honor's
11 concern about presale conduct and post-sale conduct, and
12 Your Honor, the plaintiffs very much agree that to the
13 extent that one could readily distinguish between actions
14 that go to New GM's conduct, that they can't, as Mr.
15 Steinberg indicated, properly be the subject of the
16 injunction.
17 But the devil is also in the details on this one
18 because we're not --
19 THE COURT: Pause for a second. Mr. Steinberg,
20 I'm going to give you another chance to be heard, why don't
21 you sit down for now.
22 MR. WEISFELNER: In terms of what constitutes New
23 GM's actions versus Old GM's actions, you heard at least one
24 example of how it's difficult, and that is New GM does a
25 recall and could arguably be replacing the ignition switch,

1 not with a new ignition switch, but with an old ignition
2 switch, or that parties are concerned that, you know, they
3 went to their dealer, they got a new ignition switch, they
4 don't know now whether it was a recalled ignition switch or
5 an old switch.
6 But, Your Honor, and again, I just mention this,
7 not because I think it needs to be resolved, or because I
8 have any evidence to prove it's true, but a lot of what
9 we're reading suggests that calling this an ignition switch
10 defect is an impermissible narrowing of what the issues are.
11 The ignition switch may or may not have been the
12 cause of air bag failure to deploy. The fixing of the
13 ignition switch, given the electronic calibrations between
14 the switch and the air bags may or may not address the air
15 bag problem. I don't know the answer to any of this.
16 Other than to tell you again, when we parse out or
17 attempt to parse out actions against New GM for New GM
18 conduct, or things that New GM definitively agreed to assume
19 as part of the sale process, versus actions that could
20 arguably or do, in fact, implicate the injunction that's
21 part of the sale order is, for lack of a better term, easier
22 said than done.
23 Nevertheless, the plaintiffs as a whole do reserve
24 the right if this process gets bogged down or takes too
25 long, to say, you know what, maybe the quickest thing to do

1 is to spend the time and energy that hopefully we won't have
2 to, to parse through whatever's been filed, and to
3 demonstrate to Your Honor that the allegations that are
4 being made, the liability that's being ascribed, and the
5 damages sought to be obtained as they relate to New GM
6 conduct do not implicate Your Honor's injunction.
7 For now, however, we'd prefer not to get into all
8 of those potentially dicey issues, as to what does and what
9 doesn't constitute a direct claim against New GM that is
10 outside of the injunction, at least until the parties work
11 hard on trying to get to a position where the due process
12 issue gets teed up for Your Honor's consideration.
13 And if we can do that in an effective vehicle and
14 quickly, then all of the other noise that may be necessary
15 down the road could be avoided. Because whether it's
16 actions against New GM or actions that New GM contends
17 they're not liable for because of the injunction, if the
18 injunction is dissolved as to this group, because of lack of
19 fundamental due process, it doesn't matter.
20 So I'd prefer, we collectively would prefer to
21 deal with that issue as, when and if it does matter.
22 I'm going to skip over the lemon law issues,
23 because I don't think we have much difference of view with
24 regard to the answer that you got from Mr. Steinberg. I do
25 want to stress on your question number four, the inability

1 to get together.

2 The plaintiffs are together, and with the

3 exception of again one outlier on the issue of what ought to

4 be part of the threshold and what not be part of the

5 threshold, there's not a plaintiff group that we're aware of

6 that isn't prepared to have their interests in the first

7 instance, represented by one of the three of us, with

8 consultation with Ms. Cyganowski, subject, of course, their

9 ability to stand up and say, hey, they didn't present my

10 issue. But we have a commonality of position, a commonality

11 of interest, and a desire to work collectively through these

12 three lawyers.

13 I'm just trying to see if there was anything else.

14 You've heard our views with regard to an adversary

15 proceeding versus motion practice. I didn't touch on the

16 impact on Old GM and the GUC Trust. And I liked Your Honor

17 took comfort in the fact that Mr. Golden is here, as I do

18 take comfort any time Mr. Golden shows up anywhere.

19 Look, Your Honor, it's obvious, and you get it,

20 that one of the arguments that New GM may make is if these

21 individuals were damaged or deprived of due process, let's

22 not jump to the conclusion that the right remedy is to have

23 the injunction not apply to them.

24 Instead let's consider the alternative remedy of

25 having them all get shifted into the category of late filed

1 claims, judicially acknowledged late filed claims, will now,
2 as part of a bankruptcy process, go through a procedure for
3 determining what those claims might be worth individually or
4 on some class basis.
5 And when that process is all over, then we can let
6 the GUC Trust and its beneficiaries know that their expected
7 future dividends may have to be adjusted or wiped out in
8 order to allow these new beneficiaries of the trust to, in
9 effect, catch up on distributions that have already been
10 made, if in fact, that can be done as a matter of
11 practicality.
12 And I anticipate that holders of the units
13 including Mr. Golden's clients and others may very well have
14 an opinion about that.
15 Again, it seems to me that before we ever get near
16 that thorny issue, where lots of people are going to be
17 impacted, and it may not be practical, if we resolve the
18 threshold issue of whether, because of lack of due process
19 the injunction ought not to apply, then we never get into
20 this issue. Unless someone were to argue that
21 notwithstanding the denial of due process the right remedy
22 is not let the injunction dissolve, but the right remedy is
23 somehow to treat these people as if they had late filed
24 claims, and will now just dilute all of the other
25 beneficiaries of the GUC Trust.

1 Your last point was on mediation, and like Mr.
2 Steinberg, I agree that litigation is inherently wasteful,
3 time consuming, and not a very efficient way of resolving
4 matters, and that whenever possible, mediation is the way to
5 go.
6 I just am concerned that given where I started,
7 which is to identify, as I'm sure Your Honor knows, the
8 multiplicity of investigations that are currently underway.
9 Just what the role of Ken Fineberg is, just how much money
10 Mr. Fineberg may have at his disposal to attempt to resolve
11 issues, while we would collectively prefer to mediate than
12 litigate, I'm not sure that the environment is such today
13 that we're presented with that effective choice.
14 Should circumstances change, as I think Your Honor
15 knows very well, the plaintiffs are as willing to attempt to
16 resolve issues notwithstanding how prepared they'll be to
17 prove their cases and collect their appropriate damages.
18 Thank you, Judge.
19 THE COURT: All right. Thank you. Mr. Flaxer.
20 MR. FLAXER: Thank you, Your Honor. I note that
21 I'm working in conjunction as co-counsel with the firm of
22 Wolf Halthenstein (ph) which is here by counsel.
23 Perhaps, Your Honor, I should jump right into an
24 issue that was maybe the only area where the plaintiff group
25 wasn't able to come to complete consensus. And Your Honor

1 added some thoughts to it that I think shed a lot of light
2 and were actually extremely helpful in my own thinking about
3 it. Which is in identifying the threshold issues what the
4 sort of philosophical line of demarcation should be and if I
5 heard correctly one notion that Your Honor suggested was
6 things that can be decided on a legal basis, without the
7 necessity for discovery, but that's -- I'm going to sort of
8 pause there, and say discovery, we've talked about a
9 possibility of limited discovery as opposed to more
10 extensive discovery.
11 So -- and I think that's an important point to
12 keep in mind. Our view has been that the claim of fraud on
13 the Court, which the objection to the motion and which our
14 adversary proceeding both assert, our concern has been that
15 it's difficult to separate it out from the lack of due
16 process point because although superficially I suggest it
17 might be a -- maybe that's not the right word, but it might
18 be -- it may seem that since fraud on the Court is sort of a
19 more broad remedy or has more prongs to it that maybe need
20 to be established that the discovery in establishing that
21 claim would be much broader and take a lot more time.
22 As I step back from it, and think about it, if
23 there's going to be discovery on a due process violation, I
24 think when the actual discovery process gets going, the
25 discovery on those two claims will be basically the same.

1 And I think Your Honor got into --
2 THE COURT: Wait. I was keeping up with you, Mr.
3 Flaxer, until you said basically the same. Obviously under
4 the covers of all this, is that fraud generally is subject
5 to a time limitation, if I recall correctly, it's one of
6 your words, fraud on the Court, it's not, and that's the
7 difference between 60(b) and 60(d).
8 But I wasn't clear after that what the distinction
9 you were making was.
10 MR. FLAXER: The distinction I'm making is that if
11 a due process violation is going to be a threshold issue,
12 and we're going to wind up taking discovery on that issue,
13 then as a matter of judicial economy, it may be wiser to
14 include fraud on the Court at that point, because the
15 discovery is likely to be I think extraordinarily similar if
16 not identical.
17 THE COURT: I'm not inclined to differ with you in
18 that regard, Mr. Flaxer, but I thought the consensus until
19 you spoke was that other folks in the room who spoke before
20 me thought that due process could be addressed at least in
21 major respects without any discovery.
22 MR. FLAXER: And if -- and my view on that is, I'm
23 -- what I would say is, that may or may not be right. So
24 maybe what we ought to do here to sort of resolve everything
25 for today at least, is let's proceed with the process of

1 developing stipulations of facts, and lawyers from both
2 sides will work together on that. And when we come back for
3 the next time, I think the parties will be able to advise
4 the Court whether or not they think that based on what's
5 stipulated, we should just put the due process issue to the
6 Court, and put fraud on the Court, perhaps to the side for
7 the moment.
8 But I don't think we ought to decide that one
9 today, nor do I think we need to. So I don't think there's
10 any need for any difference of opinion going forward from
11 today to the next status conference.
12 I will confess some skepticism about whether
13 stipulations of fact will be sufficient to address the
14 alleged lack of due process issue, but I'm happy to keep an
15 open mind about it, because as events develop, we all have
16 to be prepared to have an open mind and change.
17 So our view for today is, we don't have to decide
18 whether or not fraud on the Court should be a threshold
19 issue or not. Let's kick that to the next status conference
20 and let's see how the process goes with developing
21 stipulations of fact.
22 And I would add as Mr. Weisfelner very eloquently
23 observed, there are a number of government investigations
24 ongoing. I understand that GM's internal report is due
25 fairly soon, I think in early June. That may shed a lot of

1 light on a lot of issues, and that's another fact on the
2 ground that may affect our thinking when we get to the next
3 status conference.
4 Trying to focus on your threshold issues, and
5 trying not to repeat, I don't have anything to add to the
6 MDL, that's all been said.
7 As to the dates for when events should happen, we
8 agree that, you know, on the one hand we want to get in and
9 out of this court as fast as we can. On the other hand, we
10 don't want to rush or we're going to wind up right back
11 before you asking for more time, so we think the dates that
12 were in Mr. Steinberg's agenda letter are fine, and we're
13 fine with those.
14 As to a deadline for amending -- I mean, I'm
15 sorry, for filing additional adversary proceedings or
16 joining in ours, it was never our intention to encourage
17 more adversary proceedings, but we did think it was
18 important that there be a time when the Court be able to
19 know that. I now know the universe of what the pleadings
20 are.
21 THE COURT: What people want to assert.
22 MR. FLAXER: Yes. So we're fine with picking a
23 date for that, maybe a date in mid to late May would be
24 fine. Mr. Steinberg's agenda letter suggested May 14th as a
25 date for us to amend our complaint. We are considering

1 three amendments, which we don't think would have any effect
2 on the process that's being developed here, but we're okay
3 with that date.
4 Mr. Weisfelner discussed sort of the interplay
5 between adversary proceedings and the contested matter. I
6 think that there is agreement here that for discovery
7 purposes and for the scheduling we're doing here today, they
8 should be treated as consolidated and run contemporaneously,
9 and there's no need at this point to have any distinction
10 that's meaningful that I can think of.
11 I mentioned to Mr. Steinberg this morning in the
12 hallway that, you know, because we filed a complaint, a
13 summons has been issued, and there's a date to answer, which
14 backs into a date for a Rule 26(f) conference. But I think
15 those dates can be just sort of rolled into this process so
16 we don't have to have any, you know, separate concerns about
17 other dates that sort of automatically come with a filing of
18 an adversary proceeding.
19 THE COURT: I think my understanding then might
20 flow from what you just said, but you're also equally
21 amenable to any procedural consolidation, including briefs
22 to cover the field in both.
23 MR. FLAXER: Correct.
24 THE COURT: Okay.
25 MR. FLAXER: And I think the last point that I

1 have to mention since everything's been so, I must say, very
2 efficiently covered is we're the ones who did raise the
3 possibility of mediation. I think I agree with what both
4 counsel have said before me. I would just urge that we
5 don't lose sight of it and as much as we'd like to avoid
6 extensive discovery here, and as much as I'd hope we can
7 avoid it, but I fear it may not be avoidable, the mediation
8 alternative may wind up being much more productive and
9 better for the victims we're all seeking to serve than
10 extensive litigation.
11 THE COURT: Okay. Thank you.
12 MR. FLAXER: Thank you, Your Honor.
13 THE COURT: Is there anybody else who hasn't had a
14 chance to be heard for the first time who would like to be?
15 Come on up, please.
16 I'm taking someone in the courtroom first, and
17 then I'll ask about the phone.
18 MR. MARTORANA: Good morning, Your Honor, Keith
19 Martorana of Gibson Dunn & Crutcher on behalf of the GUC
20 Trust.
21 THE COURT: Did you say Marona?
22 MR. MARTORANA: Martorana.
23 THE COURT: Martorana.
24 MR. MARTORANA: Yes.
25 THE COURT: I'm sorry.

1 MR. MARTORANA: Your Honor, I stand because you
2 had suggested at the outset of this hearing the possibility
3 that issues related to the GUC Trust and claims against the
4 GUC Trust might be better addressed as a threshold issue to
5 start.
6 Based upon what I'm hearing today, it sounds like
7 there's a consensus among the parties here at least, that
8 this is something that should not be addressed as a
9 threshold issue.
10 THE COURT: Well, that depends on who you're
11 including within that consensus, Mr. Martorana.
12 MR. MARTORANA: I meant just these parties over
13 here. Don't -- you would like to have it addressed to the
14 threshold issue?
15 UNIDENTIFIED: I'll address it later.
16 MR. MARTORANA: Okay. All right. Then I guess
17 there is no consensus on that, but I will tell you that from
18 our perspective, we believe that it should not be addressed
19 as a threshold issue.
20 We do believe that first off it will require at
21 least some discovery, probably substantial discovery. We
22 also believe, you know, particularly because as it relates
23 to issues of excusable neglect, which are fact sensitive.
24 We also believe that it's not dispositive of -- as
25 Mr. Weisfelner said the -- you know, the fundamental issue

1 here which is whether or not claims can be asserted against
2 New GM.
3 Moving off it being a threshold issue, we also
4 don't believe that this is an issue frankly that needs to be
5 addressed at any point during this hearing -- during this
6 proceeding.
7 No claimants, none of the plaintiffs, no claimants
8 or potential claimants had raised this as a possibility. No
9 one has filed a motion to lift the bar date. The only
10 person that has raised it has been New GM, based upon, you
11 know, some statements of fact in some pleadings. But the
12 only person that has actually moved forward with it is New
13 GM, and frankly, you know, it's our view that this is
14 essentially a way to deflect liability away, and you know,
15 the attention away from New GM and put it on to a third
16 party.
17 To the extent that Your Honor is inclined to rule
18 against us and have it either be dealt with as a threshold
19 issue or as a -- I guess, a subsequent issue, we would
20 request to participate in any of the discovery that does
21 transpire. And then to the extent that there are any claims
22 against New GM to be resolved, we would also ask to
23 participate in any mediation.
24 THE COURT: Okay. Thank you.
25 MR. FLAXER: Thank you.

1 THE COURT: Let's see, Mr. Golden, Mr. Posner.
2 First you, Mr. Golden, then I'll hear from you, Mr. Posner.
3 MR. GOLDEN: Thank you, Your Honor, Daniel Golden,
4 Akin Gump Strauss Hauer and Feld, counsel for certain
5 publically traded public -- publically traded unit trust
6 holders.
7 Your Honor, I do take your admonition not to pile
8 on, although my name was used in vain, so I figured I'd
9 stand for a minute or two, we agree with the position just
10 advocated by counsel for the GUC Trust.
11 We think it interesting that none of the potential
12 plaintiffs who might have asserted late claims against a GUC
13 Trust have indicated an intention to do so. It's only New
14 GM that has raised that issue.
15 THE COURT: Well, pause please, Mr. Golden.
16 MR. GOLDEN: Yes.
17 THE COURT: You've been around the block a couple
18 of times.
19 MR. GOLDEN: Too many times.
20 THE COURT: If you were a plaintiff's lawyer,
21 would you rather collect a hundred cents on the dollar or 30
22 cents on the dollar? And if I'm allowed to ask a compound
23 question, would you prefer to try to shoot the moon with a
24 claim for punitive damages or would you prefer to assert
25 that punitive damages claim in a bankruptcy where punitive

1 damages come at the expense of the remainder of the creditor
2 community?
3 MR. GOLDEN: So I'm assuming both of those
4 compound -- both parts of that compound question were
5 rhetorical.
6 THE COURT: Yes.
7 MR. GOLDEN: I understand, Your Honor. I
8 understand the strategy involved, but I think Mr. Weisfelner
9 is correct. There is a looming threshold issue here. I'm
10 not here to argue pro or con on that threshold issue, but
11 that issue once resolved will determine whether there needs
12 to be claims asserted or attempted to be asserted against
13 the GUC Trust.
14 I think Mr. Weisfelner was entirely correct, we
15 actually debated among ourselves whether to either --
16 whether to even file a letter seeking to participate at this
17 hearing, because none of this hearing had anything to do
18 with the Trust or the beneficial interest holders of the
19 Trust.
20 I was, however, concerned on April 30th, that
21 somehow some way the GUC Trust was going to be injected into
22 those proceedings, and therefore, we sent the letter asking
23 to participate.
24 Sure enough, seven hours later, New GM filed their
25 letter. And for the first time injected that issue into

1 these proceedings. We don't think it's appropriate. We're
2 frankly strangers to these proceedings. There may come a
3 time when the plaintiffs and the claims that the plaintiffs
4 represent, seek to assert those claims against the GUC
5 Trust, it's not now. They haven't done so, they haven't
6 indicated an intention to do so.
7 Furthermore, Your Honor --
8 THE COURT: Pause please, Mr. Golden. Put
9 yourself -- I made you put yourself in the shoes of the
10 plaintiffs' lawyers, now I want you to put yourself in my
11 shoes.
12 Can you see how a judge might be uncomfortable
13 with a scenario under which there's no claim against
14 anybody, assuming solely for the purpose of discussion, that
15 the claim otherwise has merit?
16 MR. GOLDEN: Absolutely, Your Honor. I've said to
17 my colleagues that you must be struggling at night with
18 these issues, whether to proceed, allow these claims to be
19 filed against New GM. If so, then there's no need for the
20 GUC Trust. But if not, does there -- is there another
21 remedy available by going against the GUC Trust. I
22 understand the discomfort of the Court, but that discomfort
23 was caused by actions taken by other parties.
24 There's often times unfortunate circumstances when
25 people are deprived of their ability. They fail to assert

1 their rights, they fail to a -- timely assert their rights.
2 Unfortunate things happen in bankruptcy, Your Honor is well
3 aware of that, and I understand the discomfort level. But
4 it doesn't change the fact that to adjudicate whether or not
5 these claims should be allowed against the GUC Trust will
6 require a significant amount of discovery.
7 The Pioneer standards themselves that regulate or
8 determine whether or not there is excusable neglect is ripe
9 with discovery and evidentiary rationales.
10 So, Your Honor, I think I agree with Mr.
11 Weisfelner's suggestion, hold this off, it won't be
12 permanently held off. If Your Honor is to determine that
13 the plaintiffs can proceed against New GM, that will
14 probably be the end of it as it relates to the GUC Trust.
15 If that's not the Court's ruling, we can revisit the issue
16 if and when it becomes appropriate.
17 But to do it as a threshold issue, when there are
18 already so many issues on the table, we think is a mistake.
19 THE COURT: Okay. Thank you.
20 MR. GOLDEN: Thank you, Your Honor.
21 THE COURT: All right. Mr. Posner, come on up,
22 please. Now, I understand that you and your partner, Ms.
23 Cyganowski are acting as liaison between Mr. Weisfelner, and
24 Mr. Esserman and Mr. Inselbuch on the one hand, and the
25 other, I guess it's, I don't know, 50 to a hundred other

1 class action lawyers, do you have some points that you need
2 to make that Mr. Weisfelner didn't satisfactorily make?
3 MR. POSNER: No, Your Honor, just briefly, David
4 -- for the record, David Posner from Otterbourg, and as you
5 pointed out, and as Mr. Weisfelner mentioned I think twice,
6 Ms. Cyganowski, my partner, has -- is working with that
7 group as a consultant and a liaison counsel-type role.
8 She asked me to convey to the Court that to the
9 extent that she can be helpful in harmonizing any discord in
10 connection with the plaintiffs' group, she stands ready to
11 assist in that regard. And I would be remiss, Your Honor,
12 if I didn't say I'm working with co-counsel, Harley Tropin
13 of the Kozyak Tropin firm who's here today in the court.
14 THE COURT: Okay.
15 MR. POSNER: Thank you, Your Honor.
16 THE COURT: Thank you, Mr. Posner. Mr. Etkin.
17 MR. ETKIN: Your Honor, Michael Etkin, Lowenstein
18 Sandler for the plaintiffs in two pending class actions.
19 I rise only to talk about an issue that has been
20 raised and was raised in Mr. Weisfelner's letter of
21 yesterday, just so I have some clarity.
22 First of all, given the time frame, the number of
23 lawsuits, the number of lawyers, I think it's extraordinary
24 that the plaintiffs' side has been able to achieve this
25 level of cooperation so quickly for purposes of today's

1 hearing. And having dealt in the class action realm for
2 many years, it is not the usual.
3 Second of all, I have enormous respect for Mr.
4 Inselbuch and his firm, Mr. Esserman, and his firm and Mr.
5 Weisfelner and his firm, that goes without say. However, I
6 just want to quote from the second to last bullet point of
7 Mr. Weisfelner's letter as it related to the question of
8 liaison counsel for plaintiffs. And that's --
9 THE COURT: The letter of May 1?
10 MR. ETKIN: His letter of May 1, yes. And that's
11 what I thought and assumed the state of play was as we
12 walked into the courtroom today. And it's short.
13 Mr. Weisfelner says, "A majority of plaintiffs has
14 designated counsel as lead counsel for the May 2nd
15 conference. Counsel will endeavor to further a continued
16 coordination amongst plaintiffs. The May 2nd conference
17 agenda should not include debate about the appropriate
18 procedures for such coordination, and if necessary, it can
19 be addressed at a later conference."
20 I agree with that. I think that there's
21 coordination that still needs to be discussed as we move
22 forward. These three esteemed counsel were designated to
23 appear on behalf of a majority of the plaintiffs for
24 purposes of today's hearing, and I just want to make sure
25 that I understand the state of play correctly.

1 THE COURT: Well, I take it you're not asking me
2 for a ruling on that.
3 MR. ETKIN: No. I'm not asking you for a ruling
4 at all. It's not something that really was placed on the
5 agenda, and it's really something for the plaintiffs'
6 counsel and their respective bankruptcy counsel to work out,
7 to the extent more coordination is necessary.
8 THE COURT: Okay. All right. Anybody else -- oh,
9 there was a gentleman on the phone if I'm not mistaken.
10 MR. BECNEL: Yes, Your Honor, Daniel Becnel of
11 Becnel Law Firm. I have since filed in the Eastern District
12 of Louisiana --
13 THE COURT: Okay. Pause please. Was it Becnel?
14 MR. BECNEL: Becnel, B-e-c-n-e-l.
15 THE COURT: And did you give me a letter, Mr.
16 Becnel? My prep didn't reflect that letter.
17 MR. BECNEL: No, we did not submit a letter.
18 We've been on all of the conferences though.
19 THE COURT: I beg your pardon?
20 MR. BECNEL: We've been with all of the conference
21 calls that all of the lawyers have had together.
22 THE COURT: Well, forgive me, Mr. Becnel, I asked
23 another attorney to put himself in my shoes, and I'm going
24 to do the same with you. But frankly I'm not looking for
25 your understanding. I'm looking for you to understand my

1 ruling.

2 I have before me one full courtroom here, and I

3 believe I have two overflow courtrooms. And I issued an

4 order to obviate this exact situation, which every one of

5 the other lawyers in this entire case was fully able to

6 comply with, and when I issue an administrative order to

7 avoid conduct that results in chaos in a case on my watch, I

8 need the legal community to understand that when I issue

9 orders, I mean them.

10 So respectfully, I am denying you the opportunity

11 to be heard. If you have concerns, I'm sure that Mr.

12 Weisfelner or his colleagues will return your phone calls.

13 And as you've undoubtedly heard, they're fairly capable

14 advocates.

15 So I think my ruling is clear. I'm denying you

16 the opportunity to be heard for failure to comply with the

17 requirements of my case management order.

18 Mr. Stein -- is there anybody else on the phone,

19 of course, a person on the phone who has complied with the

20 requirements of the order?

21 (No response)

22 THE COURT: Mr. Steinberg, you can reply.

23 MR. STEINBERG: Your Honor, I'm going to be very

24 brief. One, to the extent there was a discussion about

25 mediation and Ken Feinberg, I want to just make it

1 absolutely clear that Mr. Feinberg has not been retained to
2 examine the economic losses which are inherent in these
3 lawsuits. His focus has been on the accident victims.
4 Second, that the accident victims, while not a
5 part of our motion to enforce, it does not mean that there
6 -- that our position is not that they are retaining
7 liability at this point in time for the pre-sale accident
8 victims only.
9 Third, that I agree with Mr. Weisfelner and Mr.
10 Flaxer that I think as far as melding the two procedures and
11 making sure that the adversary proceeding, the contested
12 matter are all dealt with efficiently, I think we'll be able
13 to do that and work with each other to do that.
14 I did think Mr. Flaxer had actually a very good
15 suggestion on the fraud and the court issue, is that once we
16 go through the stipulated facts and the -- whether there
17 will be discovery and if so, what narrowly tailored
18 discovery there will be, then we will be able to evaluate
19 whether it's still efficient to deal with fraud on the Court
20 or not as a threshold issue.
21 And so our suggestion would be as Mr. Flaxer has
22 modified it, is to let us go through the process of
23 stipulated facts and if we do want to put on fraud on the
24 Court as a threshold issue because we actually think we can
25 get rid of it based on a legal theory, and whatever facts we

1 stipulated to, we want to reserve the right to do it. We're
2 not asking Your Honor to rule on that now or not, but we
3 would take that up at the next hearing if we're at that
4 stage.
5 As far as the GUC Trust, the late filed claim, the
6 reality is that the person who raised this issue was not me
7 in my letter. The person who raised the issue was the
8 objector, and I think it was Mr. Weisfelner who claimed a
9 denial of procedural due process for failure to get notice
10 of the bar order, and saying that he had no other remedy,
11 and the only remedy that he could possibly look to is New
12 GM.
13 The other person who put it on the calendar was
14 Mr. Flaxer's client, because we've agreed that a threshold
15 issue is three -- I'm sorry, 60(d)(1), which is that if
16 there was some kind of a violation, is there -- should there
17 be an equitable remedy that's fashioned against New GM for
18 Old GM's conduct.
19 So he's put on the issue as to whether -- because
20 there's no other opportunity to get any kind of recovery,
21 that you have to look to New GM.
22 Now, when I said that I didn't concede that this
23 was a threshold issue or not, it was because it was more
24 nuanced. I'm not trying to suggest that as a threshold
25 issue we brief the Pioneer issues. What I am suggesting is

1 that the plaintiffs here cannot make a legitimate procedural
2 due process argument relating to the bar order if they want
3 to sleep on their rights and not go against Old GM while Old
4 GM is still sitting with securities. And I thought that
5 that needed to be flabbed (ph).
6 And that if it's inherent in the 60(d)(1) issue
7 that they're going to look to us because they otherwise have
8 no other remedy, then I think that that is an issue that has
9 to be dealt with. Having said that, and I don't say
10 anything more on that issue.
11 I do think, Your Honor, and I wasn't sure why Mr.
12 Weisfelner went into it, but his concerns with regard to an
13 issue that I think Your Honor dealt with adequately, which
14 is dealers who may have tried to put conditions on fixing an
15 ignition switch, and Your Honor asked essentially, why are
16 you asking me that, I think New GM clarified that. And as
17 far as we know, it was one dealer, and it was immediately
18 dealt with, and when they asked whether there were other
19 dealers involved, we never got a list for anything else.
20 So I only say that not because it's relevant to
21 anything here, except that there is press that is listening
22 to this issue, and everybody likes to say in a very broad
23 brushed way, New GM is acting irresponsibly. On this
24 particular issue, we did act responsibly, and on all the
25 issues I think we're trying to act responsibly.

1 And to the extent that Mr. Weisfelner conceded
2 that he wasn't a class action lawyer, or a negligence
3 lawyer, he's probably also not a scientist or an engineer
4 who could decide whether the air bag issue is one thing or
5 another thing.
6 I only say that again because the people listening
7 here, that it should be absolutely clear that you can say
8 whatever you want to say, but at the end of the day, it
9 ultimately has to be grounded in fact and a probable claim.
10 Other than that, Your Honor, we appreciate the
11 time you've given us today.
12 THE COURT: All right. Ladies and gentlemen, I
13 want you to take a lengthy bathroom break, but hopefully no
14 more than that. I would like people who are interested in
15 my resulting directions to be back in 15 minutes. That
16 would be 25 to 1 on the clock up there.
17 I can't guarantee you that I'll have it buttoned
18 up all then, but I don't want to impose on you to wait any
19 more than you need to. We're in recess.
20 (Recessed at 12:21 p.m.; reconvened at 1:10 p.m.)
21 THE COURT: Have seats, please. I apologize for
22 keeping you all waiting. Here's what we're going to do. In
23 most respects, it will be similar to my tentatives, but with
24 some refinements.
25 One, I want to leave as much time for thoughtful

1 briefing and thought by the Court as possible. But at the
2 same time, I want this to proceed as expeditiously as I can
3 consistent with fairness. So we're going to consider as
4 threshold issues the two remaining issues shown on Mr.
5 Weisfelner's blackline, the discrimination argument, the
6 possibility that the claims now being asserted may be claims
7 against Old GM or the GUC Trust, and subject to what I say
8 momentarily, even the fraud on the Court contentions.
9 Messrs. Steinberg, Weisfelner, Flaxer, Martorana,
10 and Golden, or their designees, are to confer and to prepare
11 an order then to be settled on three business days' notice
12 or overnight mail, consistent with these determinations that
13 I'm dictating now, but putting meat on the bones, and
14 providing for agreed upon dates.
15 Two, you're to meet and confer to agree upon facts
16 to the maximum extent possible, consistent with your
17 professional duties to your clients. To the extent you need
18 to agree to disagree, you're to identify the matters that
19 you can't agree upon and jointly present those identified
20 matters to me, after which I'll determine the materiality of
21 what's not agreed on and how it should affect further
22 proceedings, either by way of authorizing limited discovery,
23 or by taking issues off the table for now, and determining
24 them later.
25 As a general matter, we're going to get as far as

1 we can without discovery. And notwithstanding what my case
2 management order otherwise provides, there will be no
3 discovery in either the adversary proceeding or the
4 contested matter until and unless I order otherwise.
5 Three, I consider it preferable to consider the
6 fraud on the Court claims as early as possible, and at this
7 juncture, I'm including it as an issue to bring before me as
8 one of the threshold issues.
9 But I recognize or at least assume that the fraud
10 on the Court claim is likely to require at least some
11 discovery. You're to confer and see if you can agree on
12 limited discovery that will meet your respective needs on
13 this. I hope, but I'm not sure that you'll be successful.
14 If after good faith discussion, agreeing on
15 limited discovery is impossible, either side will be
16 permitted to take the fraud on the Court issues off the
17 table as threshold matters, and to defer them for
18 consideration until a later time, assuming that you first
19 identified the problem to me and gotten my green light to do
20 so.
21 Four, I agree with Mr. Martorana and Mr. Golden
22 that the matters involved in compliance with Pioneer are
23 fact intensive, and are not appropriately threshold issues.
24 But any party will be free to assert that claims now being
25 asserted against New GM are prepetition and not post-

1 petition claims.
2 Before any decision is made on the extent to which
3 the GUC Trust might have to satisfy any of those claims,
4 each of Wilmington Trust and any holders of GUC Trust units
5 will have full opportunity to be heard on any and all
6 issues.
7 Each of Wilmington Trust and any holders of GUC
8 Trust units, though in the latter case, with the same kinds
9 of coordination that I expect from the plaintiffs' side,
10 will have unlimited standing to be heard on not just GUC
11 Trust related issues, but on any of the issues that we're
12 considering as part of this exercise; either in the
13 adversary proceeding or the contested matter.
14 Likewise, in the Wilmington Trust and any holders
15 of GUC Trust units, again subject to the coordination
16 requirement, will be free to participate in any discovery I
17 authorize in connection with the remainder of the issues,
18 even though I'm not authorizing any such discovery now.
19 But related to that, to the extent Wilmington
20 Trust told me in our discussion that it had a desire for
21 discovery, its request for that is denied at this time,
22 without prejudice to renewal at a time when it's more
23 appropriate.
24 Five, I will not interfere with the MDL panel's
25 hearing now scheduled for May 29 and will permit the

1 judicial panel and multi-district litigation to rule on
2 where pretrial proceedings with respect to any of the
3 underlying actions might proceed.
4 But this ruling is without prejudice to the rights
5 of any party to ask me to stay further proceedings before
6 the transferee judge based on rulings in this Chapter 11
7 case, or based on any perceived delay in my issuing rulings
8 in this Chapter 11 case.
9 Six, anyone who is unwilling to agree to the
10 temporary stand still that the majority seems to agree upon
11 must come forward before me within a time certain, either on
12 the date proposed in the Steinberg and Weisfelner letters,
13 or an alternative date they might agree upon, in
14 consultation with the other parties that I've allowed to
15 participate in the formation of the order, with a motion
16 asking me to rule on whether I should force such a
17 standstill on the dissenter by TRO or preliminary
18 injunction.
19 Nothing in the scheduling order will, however,
20 change the usual burdens associated with getting a TRO or
21 preliminary injunction relief.
22 Seven, parties are to identify any and all issues
23 they want me to decide by a date certain to be proposed by
24 that team who I've designated for that purpose, the same one
25 that's preparing the proposed form of order, and to state

1 whether or not their issues to be addressed as threshold
2 issues or not.
3 They are then to confer with the others as to when
4 any such issues are best decided, whether as threshold
5 issues or as later issues. If any such additional issues
6 are to be presented as threshold issues, briefing on them
7 should be rolled into the briefing, otherwise authorized.
8 But if they're not perceived to be threshold issues, they
9 can be deferred with a full reservation of rights.
10 Eight, matters in the adversary proceeding and in
11 the contested matter will be jointly administered. For the
12 avoidance of doubt, this will include joint briefing and
13 joint discovery, if and when any discovery is authorized.
14 Parties should agree upon a preferred place for a
15 single docket to file all of the documents in connection
16 with this controversy, and to provide for that in the
17 proposed order. As far as I'm concerned, either the
18 adversary or the contested matter will be equally
19 satisfactory.
20 Nine, other than as I stated, I don't think that I
21 intended to disapprove anything that had been agreed upon
22 between Mr. Steinberg and the class action plaintiff
23 steering committee. But for the avoidance of doubt, if you
24 think I left something out, or was inconsistent in my
25 rulings, I would ask that you tell me that now.

1 Ten, the matter of mediation is deferred without
2 prejudice to anyone's right to raise the issue at a later
3 time.
4 So, folks, you can take the weekend off, but after
5 that, please get together as soon as practical to get me an
6 agreed upon form of order, at least agreed upon between the
7 people I mentioned, then to be settled. That order should
8 take care of details, such as proposed dates, which I've
9 intentionally left out of the rulings I just announced. I
10 think you can and should meet your needs and concerns on
11 that.
12 Now, not by way of reargument, I suspect that
13 there may be some details I failed to address or some loose
14 ends, and I'll allow people to be heard on that.
15 Mr. Steinberg?
16 MR. STEINBERG: Your Honor, I think I can deal
17 with everything you said. The only thing is, do we talk to
18 your chambers about the next status conference date, or do
19 you want to give us the date and we'll try to back into to
20 the sum of the requirements before then?
21 THE COURT: My preference, I think, Mr. Steinberg,
22 is that we do it as an iterative process. You guys, after
23 you've figured out the time you need, tell me what you would
24 recommend as far as a date within a zone. Thereupon my
25 courtroom deputy, Ms. Calderone will see how it fits into

1 the schedule. She'll advise you what we're in a position to
2 do, and then you can either massage your dates, or plug the
3 date we give you into the order that you settle.
4 MR. STEINBERG: That's acceptable, thank you.
5 THE COURT: Okay. Anything else? Mr. Esserman,
6 were you rising to be heard in any way?
7 MR. ESSERMAN: No, thank you, Your Honor.
8 THE COURT: Oh, okay. All right. Does anybody
9 have anything else?
10 (No response)
11 THE COURT: No. Okay. Thank you very much.
12 We're adjourned.
13 (Proceedings concluded at 1:22 PM)
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1 I N D E X

2

3 R U L I N G S

IDENTIFICATION	PAGE
Judge's ruling	95

6
7
8
9
10
11
12
13
14
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1 C E R T I F I C A T I O N

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3 I, Dawn South, certify that the foregoing transcript

4 is a true and accurate record of the proceedings.

5

6 Dawn South

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10 I, Sheila G. Orms, certify that the foregoing is a

11 correct transcript from the official electronic sound

12 recording of the proceedings in the above-entitled matter.

13

14 Dated: May 3, 2014

15

16 Shelia G. Orms

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& 3:2,10,17 4:1 5:10 7:1,8,15 8:1,7 45:23,24 81:19

0

01:19:05 57:13
07068 6:4
09-50026 1:6

1

1 21:21 22:19 89:9 89:10 93:15 94:6 95:16
10 16:22
10014 6:20
10017-2024 8:11
10018 4:19
10020 6:11
10022 3:20
10022-7619 7:11
10036 5:4
10036-4003 3:5
10036-6745 5:13
1006 6:19
101 8:2
10166-0193 4:4
10169 5:20
10178 8:3
10:44 45:13
11 1:5 99:6,8
1100 7:3
11501 104:22
1185 3:4
1251 6:10
12:21 95:20
13 54:7
14-01929 1:16
1407 49:23
14th 23:22 79:24
15 26:22,23 95:15
165,000 34:12
19 4:10
1:10 95:20
1:22 102:13

2

2 2:5 29:4
20 29:5
200 4:3
20005 7:4
2006 34:11
2009 11:11
201 6:18
2014 2:5 104:14
21st 7:10
2200 7:17
230 5:19
2323 7:16
23rd 11:24 12:11 13:13,20 15:20 16:3
24 57:9
24th 11:21 20:8
25 95:16
26 80:14
28 49:23
29 98:25
29th 16:5 24:16 25:25 49:14 50:12 50:18
2nd 28:3 89:14,16

3

3 21:24 22:25 65:16 104:14
3,500 9:16
30 12:1 15:21 39:20 84:21
300 3:12 104:21
30th 43:1 85:20
330 104:20
35 18:5
36th 8:10

4

4 21:23 29:5
408 104:8
425 8:17
437 3:19

5

5 13:14 22:20
50 87:25

6

60 10:25 11:16 21:20,21,24 22:25 23:6 39:3 44:5 51:4 77:7,7 93:15 94:6
600 7:9
60654 3:13
610 21:23
620 4:18
65 6:3

7

7 13:25
70068 8:19
75201-2689 7:18
780 8:9

9

92660 4:11
95 103:5
9:46 2:6

a

a.m. 45:13
aaert 104:8
abade 58:13
abandon 40:11,14
abc 1:13
ability 19:22 73:9 86:25
able 12:19 21:8 23:7 26:10 27:8,24 29:9 31:14 32:9 34:2,22,22 61:15 75:25 78:3 79:18 88:24 91:5 92:12,18
absolutely 32:14 86:16 92:1 95:7
acceptable 102:4
accepted 36:12
accident 32:21 33:3 34:24 37:4,16,17,18 39:16,17 40:6 92:3 92:4,7
accidents 32:18 33:1 37:19 39:20
accommodated 57:6
accomplish 12:19 17:22 30:11 44:6,16
accomplished 15:15 16:16
account 61:5,15
accounted 38:18
accurate 64:17 104:4
achieve 88:24
acknowledged 74:1
act 94:24,25
acting 69:17,21,24 69:25 87:23 94:23
action 12:15 13:15 15:10 24:4,10,11,12 24:20 25:10 26:11 26:11 36:19 49:11 51:4 55:13 69:3 88:1 89:1 95:2 100:22
actions 10:25 11:1 11:16 37:7 38:2 70:13,23,23 71:17 71:19 72:16,16 86:23 88:18 99:3
activities 46:1 50:11
acts 52:22
actual 34:11 76:24
add 55:11 78:22 79:5
added 76:1
additional 22:2,3 54:22 55:11 79:15 100:5
address 10:23 12:12 20:22 21:8 23:17 25:1 46:5 47:22 56:13 71:14 78:13 82:15 101:13
addressed 9:22,23 10:10 13:6,24 14:15 14:24 15:5,6,15 17:8 20:16 42:12,17 58:18 77:20 82:4,8 82:13,18 83:5 89:19 100:1

addresses 49:25
addressing 12:25
adequately 94:13
adjourned 102:12
adjournment 45:8
adjudicate 87:4
adjust 31:24
adjusted 74:7
adjustment 42:5
administered 1:7 19:8 100:11
administrative 24:18,20 26:2 28:6 91:6
admission 27:6
admissions 18:1,5 26:16 27:2,11,11 42:18 57:21
admitted 18:2,3
admonition 54:18 84:7
adv 1:15
advanced 53:6,9
advantage 55:8,23
advantages 55:16
advent 55:7
adversaries 17:19 18:13,18 19:5,6,9
adversary 13:10 18:12,22,25 19:4 23:20 25:18 39:3 55:9,11,17,24 56:1 56:11,13,22 57:14 57:19 73:14 76:14 79:15,17 80:5,18 92:11 97:3 98:13 100:10,18
advise 47:15 78:3 102:1
advocated 84:10
advocates 60:14 91:14
affect 51:24 64:16 79:2 96:21
afforded 55:19
agenda 9:20 23:19 25:14 29:10 30:16 79:12,24 89:17 90:5
aggrieved 41:14
agree 16:19,20 17:20 18:8,8,10,22 21:14 23:11,23 26:2 27:5,18,20,24 28:7 28:21 36:21 38:7 39:7 50:9 54:3,11 61:14 70:12 75:2 79:8 81:3 84:9 87:10 89:20 92:9 96:15,18,19 97:11 97:21 99:9,10,13 100:14
agreed 17:6 40:23 41:10 42:11,13 71:18 93:14 96:14 96:21 100:21 101:6 101:6
agreeing 17:24 97:14
agreement 23:13 24:16 32:15 42:6 69:11 80:6
agreements 54:18 70:7
ah 67:25
ahead 66:20
air 71:12,14,14 95:4
airline 8:17
akin 5:10 84:4
al 1:7,8 4:9 5:2 8:16
allegations 52:12 55:16 72:3
alleged 12:5 78:14
allison 1:16
allow 9:14 14:19 24:16 48:5 56:15 74:8 86:18 101:14
allowed 20:18 60:23 84:22 87:5 99:14
alternate 16:22
alternative 31:16 73:24 81:8 99:13
amenable 14:19 80:21
amend 79:25
amended 24:3,9,19 24:23 25:18,19 26:3 52:1,6
amending 79:14
amendment 23:21
amendments 14:3 80:1
americas 3:4 6:10
amount 87:6
amy 1:16
analogy 62:24
ands 46:9
anecdote 69:14
announced 34:6 36:4 101:9
announcement 33:8 34:14 35:7
answer 27:6 57:22 71:15 72:24 80:13
answering 27:5
anticipate 51:7 53:3 74:12
anticipated 52:16
anybody 13:3,6 20:6 21:1 59:19 64:22 81:13 86:14 90:8 91:18 102:8
anybody's 17:3 42:4 56:16
anymore 45:7
anyone's 101:2
apologize 14:4 95:21
appear 12:8 19:15 50:15 89:23
appearing 45:18
applies 61:25
apply 64:19,20 66:2 73:23 74:19
appreciate 10:12 95:10
appropriate 15:2 19:1,5 44:18 46:3 48:7,17,22 50:3 56:15,20 65:8 75:17 86:1 87:16 89:17 98:23
appropriately 26:6 97:23
approved 104:18
approving 22:19
april 11:21,24 12:1 12:11 13:13,20 15:20,21 16:3 20:8 43:1 85:20
arbitrate 70:7
arbitration 68:18
area 54:21 75:24
arguably 70:25 71:20
argue 10:7 62:16 63:5 74:20 85:10
argues 21:21
argument 14:22,22 38:1 43:14,21 62:1 62:15 94:2 96:5
arguments 73:20
art 47:3
arthur 3:7
article 49:16
articulating 43:3
ascertain 17:5 22:9 67:19
ascribed 72:4
asked 17:16 18:25 32:13 38:12,20 43:24 44:15 46:1 50:11 58:5,12 66:22 88:8 90:22 94:15,18
asking 79:11 85:22 90:1,3 93:2 94:16 99:16
assert 19:22 22:1 36:18 76:14 79:21 84:24 86:4,25 87:1 97:24
asserted 28:4 38:9 68:21 83:1 84:12 85:12,12 96:6 97:25
asserting 19:21
asset 32:15
assets 32:16

assist 88:11
associated 59:1 99:20
assor 3:17
assume 31:13 33:18 38:1,8,15 54:4 60:10 65:8 71:18 97:9
assumed 11:7 32:16 32:23 33:4 36:12 89:11
assuming 14:1 85:3 86:14 97:18
assumption 38:6
attempt 58:5,12 71:17 75:10,15
attempted 85:12
attention 41:6 48:14 61:9,20,22 68:5,24 69:8 70:3 83:15
attorney 3:11 4:2,9 6:2,9,16 8:8,16 47:6 90:23
attorneys 3:3,18 4:16 5:2,11 20:21 60:13
attractive 20:11
authorize 98:17
authorized 100:7 100:13
authorizing 96:22 98:18
auto 46:17
automatically 80:17
available 20:20 63:12,13 86:21
avenue 3:4,19 4:3 4:18 5:19 6:3,10 7:9 8:2,9 23:15
avoid 10:14 46:6 56:20 81:5,7 91:7
avoidable 81:7
avoidance 100:12 100:23
avoided 72:15
avoiding 57:25
aware 38:19 47:4 48:3 73:5 87:3

b

b 2:9 8:18 21:23 77:7 90:14
back 13:19 21:9 50:2 52:20 60:24 61:10,19 65:21 76:22 78:2 79:10 95:15 101:19
backs 80:14
bad 36:2 46:23 62:24
bag 71:12,15 95:4
bags 71:14
bailiwick 67:15 69:8
balance 21:17
ball 56:16
bankruptcy 1:1 2:1 2:11 13:1 22:19 25:2,14,21 27:12 30:18 41:6,8 49:12 50:25 55:13 61:7 64:14 74:2 84:25 87:2 90:6
bar 19:23 31:6 39:23 83:9 93:10 94:2
bargained 66:2
barred 13:18
base 31:24
based 11:23 14:10 37:5 38:19 44:14 60:1 63:16 78:4 82:6 83:10 92:25 99:6,7
basically 76:25 77:3
basis 14:7 15:25 40:3,5 70:1 74:4 76:6
bathroom 95:13
battle 20:11
beach 4:11
bear 40:19
becnel 8:15,21 90:10,10,11,13,14 90:14,16,17,20,22
beg 90:19
beginning 41:11
behalf 1:17 45:18 81:19 89:23
behooves 47:16
believe 36:8,17 82:18,20,22,24 83:4 91:3
bell 3:17
beneficial 85:18
beneficiaries 74:6,8 74:25
benefit 70:8
benefits 53:10
benjamin 8:5
berman 45:20
best 17:9 57:23 58:7 58:14 100:4
better 12:8 20:16 28:24 29:9 32:9,9 32:10 33:14 39:6 51:15,19 56:21 57:10 71:21 81:9 82:4
beyond 51:7 65:2
big 28:8 32:11 56:4
bit 54:23
black 14:19 43:1,3 43:6
blackline 96:5
blaming 48:1
bleed 46:9
bleeds 52:8
block 84:17
blown 39:23
blush 12:8
board 63:7
boatload 47:3
bog 59:2
bogged 17:23 41:4 71:24
boils 48:13
boling 2:2
bones 96:13
bought 65:15
bound 38:14
bove 8:13
box 11:13 32:17 37:21 38:22,23
break 44:19 95:13
breathing 42:1
brian 6:22
bridge 28:18
bridged 42:20
brief 59:20 91:24 93:25
briefed 17:13
briefing 29:6 30:12 49:1 96:1 100:6,7 100:12
briefly 88:3
briefs 14:8 80:21
bring 18:21 19:4 67:20 69:7 97:7
bringing 55:6
broad 76:19 94:22
broader 76:21
broken 67:4
bromberg 7:15 45:23
brought 13:10 17:19 19:6,9 23:20 34:9 37:7,24 38:3 38:11 41:6 61:8 68:23 70:2,10
brown 5:1 45:17
brushed 94:23
bryan 7:16
bryant 5:12
build 36:11
building 4:17 6:17 32:11
bullet 89:6
bunch 20:14 40:7 55:12
bundle 56:5,11
bundling 52:1
burden 29:3
burdens 99:20

burdensome 15:7
business 96:11
buttoned 95:17

c

c 1:16,17 3:1,15 9:1 90:14 104:1,1
ca 4:11
calcagnie 4:8 45:18
calderone 101:25
calendar 65:23 93:13
calibrations 71:13
california 10:18 14:6 26:8 50:14
call 17:1,8 49:9 52:19 68:5
called 14:21,24 25:14
calling 10:8 46:7 71:9
calls 65:6 90:21 91:12
can't 69:18 70:14 95:17 96:19
capable 91:13
caplin 7:1,8 45:24
car 27:13 33:7,10 33:18 34:3,5,13 35:6,21,22,24 37:16 37:17 40:8 68:16 69:5
care 10:16 21:3 101:8
careful 21:6
cares 20:6
cars 33:15,24,25 34:10,16 35:11,14 35:15,20 36:3,4,5 36:10 60:11 65:16 65:18 67:3,8
carve 60:8 64:22
carved 33:3
case 1:6 19:23 41:24 50:17 51:1 64:17 65:6 66:2,7 91:5,7,17 97:1 98:8 99:7,8
cases 32:24 34:8 75:17
catch 74:9
category 13:11 73:25
cause 13:16 38:13 41:2 58:25 69:22 71:12
caused 86:23
causes 13:1 69:2
cents 39:21 84:21 84:22
certain 16:21 19:12 26:20 27:14 84:4 99:11,23
certainly 23:12 51:6 51:22 52:2 56:18
certified 104:8
certify 104:3,10
cet 104:8
chambers 101:18
chance 20:7 28:14 28:15 52:24 70:20 81:14
change 44:15 75:14 78:16 87:4 99:20
changed 44:14
chaos 91:7
chapter 1:5 99:6,8
character 20:1 26:5
characterize 46:11 46:15
characterized 11:4
characterizing 34:20
charge 22:16,17
chartered 7:1,8
cheap 67:7
chevy 34:12 67:7
chicago 3:13 49:14
choice 22:25 75:13
chop 64:22
chops 52:7
circle 7:2
circuit 10:19
circumstance 38:16
circumstances 23:6 31:23 75:14 86:24
cited 18:19 51:10
civil 47:14
claim 32:10 38:8 64:1 72:9 76:12,21 84:24,25 86:13,15 93:5 95:9 97:10
claimants 83:7,7,8
claimed 33:6 93:8
claims 11:4,22 13:17 14:23,23,23 14:25 15:3 19:19,21 19:21,22,22 23:24 31:2 36:15,18 39:21 46:18 51:24 59:24 60:1 67:10,20 68:20 69:2 74:1,1,3,24 76:25 82:3 83:1,21 84:12 85:12 86:3,4 86:18 87:5 96:6,6 97:6,24 98:1,3
clarified 94:16
clarity 88:21
class 10:25 11:16 12:15 13:15 15:10 49:11 51:4 55:13 74:4 88:1,18 89:1 95:2 100:22
classic 58:19
clear 9:24 32:25 35:8 36:23,24 44:3 49:21 77:8 91:15 92:1 95:7
clearly 18:20 44:7 66:12
client 93:14
clients 61:25 74:13 96:17
climb 19:4
clinton 1:16,17
clock 45:10 95:16
clog 55:14
close 16:23 42:21 62:13
closely 45:22
closer 59:24,25 62:6
coalesce 25:19
cobalt 34:12,12
cobalts 67:7
coleman 8:16
collars 63:9
colleagues 44:17 55:22 61:2 86:17 91:12
collect 75:17 84:21
collective 45:25 48:14
collectively 61:19 72:20 73:11 75:11
come 9:17 16:20 18:4 41:12 53:12,18 54:14 56:17 57:10 58:25 75:25 78:2 80:17 81:15 85:1 86:2 87:21 99:11
comes 18:7 48:10
comfort 64:6 73:17 73:18
coming 42:21 53:13
commence 17:19
commenced 47:7
comments 9:15
committed 33:25
committee 15:10 16:2 100:23
common 26:22
commonality 73:10 73:10
communication 68:25 70:6
communications 22:9
community 85:2 91:8
company 1:6
compensated 35:1,5
competent 67:12
complaint 9:18 23:21 24:3,9,19,24 24:25 25:9,18,19 26:3 51:5,12 52:1,4 52:6 55:2,9 79:25

80:12
complaints 25:20 51:2,4,12 52:12 54:24 55:4,11
complete 28:16 34:2 75:25
completely 68:4
complex 21:14
compliance 97:22
complied 91:19
comply 36:13 91:6 91:16
complying 11:14
compound 84:22 85:4,4
con 85:10
concede 93:22
conceded 95:1
concepts 40:23
concern 13:1 70:11 76:14
concerned 14:16 66:24 69:25 71:2 75:6 85:20 100:17
concerns 10:23 13:22 20:11,16 80:16 91:11 94:12 101:10
conclude 27:22
concluded 47:15 102:13
conclusion 73:22
concrete 28:1
conditioned 69:1
conditions 94:14
conduct 11:23 12:6 35:10,10 36:9 70:11 70:11,14 71:18 72:6 91:7 93:18
confer 96:10,15 97:11 100:3
conference 2:14 10:4 25:11,12,13 26:4 27:18 30:11,21 30:21 48:23 51:8 56:19 63:3 78:11,19 79:3 80:14 89:15,16 89:19 90:20 101:18
conferences 90:18
conferring 10:14 56:14
confess 78:12
confident 22:22
confirm 32:13
congress 63:12
congressional 47:4
conjunction 75:21
connect 24:22
connection 21:10 24:10 60:24 68:13 68:19,21 88:10 98:17 100:15
consensus 53:21 68:9 75:25 77:18 82:7,11,17
consenting 68:18
consequences 47:15
consider 14:9,17 21:17 30:19 66:6 73:24 96:3 97:5,5
consideration 21:6 26:3 28:20 47:18 49:18,19 57:18 72:12 97:18
considered 15:3,17 20:5 22:4 43:20
considering 79:25 98:12
consistent 18:8,14 49:21 96:3,12,16
consists 49:16
consolidate 18:17
consolidated 19:7 24:25 51:5 80:8
consolidation 80:21
constituency 67:24
constitute 72:9
constitutes 70:22
constructed 35:16
consultant 88:7
consultation 73:8 99:14
consulting 61:2
consumer 60:14
consumers 64:11
consuming 75:3
contained 68:20
contemporaneously 80:8
contends 72:16
contention 65:14,14
contentions 15:19 17:11 64:17 96:8
contested 18:13,17 55:18 56:12 57:14 57:19 80:5 92:11 97:4 98:13 100:11 100:18
contests 57:25
context 63:23 64:19 70:10
continue 20:24 26:13
continued 89:15
contrasted 65:7
controversy 100:16
conversely 13:5
converts 61:22
convey 88:8
cooperation 88:25
coordinate 46:1
coordination 53:7 89:16,18,21 90:7 98:9,15
corners 20:18
corollary 15:18 52:17
corp 1:8
corporate 4:10 47:12
correct 32:15 36:19 38:7 39:22 41:19 45:21 50:4,21 54:7 80:23 85:9,14 104:11
corrected 35:14
correctly 40:22 76:5 77:5 89:25
cost 18:6 27:3 59:20 66:16
costs 20:21
council 63:12
counsel 9:3 26:1 50:25 51:14 64:6 75:21,22 81:4 84:4 84:10 88:7,12 89:8 89:14,14,15,22 90:6 90:6
counsel's 9:19
count 47:8
country 11:2,17 104:20
couple 11:1 15:19 46:8 84:17
course 11:10 73:8 91:19
court 1:1 2:1 9:2,9 9:11 14:11 18:21 21:19,25 22:2,5,6 24:8 26:5,13 27:16 33:13,17,21 35:15 35:18 37:2,11,18 39:6,19,23 40:22 41:17,20,22 42:24 43:8,11,16,17,25 44:2,4,9,21 45:6,9 45:12,14,19 48:20 49:20,25 50:5,10,10 50:19,20,22,24 51:21,23 52:16,24 53:3,18,25 54:5,7,8 54:12 56:2,7,24 58:1,15,19,25 59:6 60:15,17,19,21 61:11,16 62:8,13 63:15,25 64:2 65:1 65:5,10 66:14,16,20 66:22 67:12,17 68:1 69:13 70:19 75:19 76:13,18 77:2,6,14 77:17 78:4,6,6,18 79:9,18,21 80:19,24 81:11,13,21,23,25 82:10 83:24 84:1,15 84:17,20 85:6 86:8 86:22 87:19,21 88:8 88:13,14,16 89:9

90:1,8,13,15,19,22 91:22 92:15,19,24 95:12,21 96:1,8 97:6,10,16 101:21 102:5,8,11
courtroom 42:22 44:25 49:7 69:11 81:16 89:12 91:2 101:25
courtrooms 45:1 91:3
court's 67:15 87:15
covenant 36:12,13
cover 80:22
covered 81:2
covers 77:4
creates 36:15
creditor 31:11 85:1
creditors 14:22 19:16 58:20
criminal 47:14
crossed 43:12,23
crudely 56:7
cruder 56:9
crutcher 4:1 81:19
currently 47:9 52:14,15 75:8
curtailing 44:7
cut 64:21
cyganowski 73:8 87:23 88:6

d

d 8:5 9:1 21:21,24 22:25 77:7 93:15 94:6 103:1 104:8
dallas 7:18
damage 11:8 14:25 32:19 34:25 60:9,11 66:25
damaged 73:21
damages 66:23 67:5 67:9 72:5 75:17 84:24,25 85:1
daniel 5:16 8:21 84:3 90:10
darby 6:2,9
date 16:6,21,22 17:5,18 19:12,23 38:2 39:23 41:10 42:8 57:6 79:23,23 79:25 80:3,13,14 83:9 99:12,13,23 101:18,19,24 102:3
dated 104:14
dates 30:2,5,6,8 79:7,11 80:15,17 96:14 101:8 102:2
david 5:7,22 88:3,4
davidson 3:8
davis 4:8
dawn 2:25 104:3
day 10:7 30:7 32:8 42:25 63:4 95:8
days 9:17 17:2
days' 96:11
dc 7:4
deadline 17:10 79:14
deal 15:13 29:22 31:23 43:22,24 59:1 61:24 69:17 72:21 92:19 101:16
dealer 35:24 68:13 68:14 71:3 94:17
dealers 68:25 69:21 69:22,23 94:14,19
dealing 29:4,8,12 61:23 65:23 69:23
deals 35:8 57:18
dealt 31:3 69:5 83:18 89:1 92:12 94:9,13,18
death 11:7,10 14:23 60:8,10 66:25
debate 89:17
debated 85:15
debtors 1:10
decent 9:21
decide 18:10 20:17 20:18 25:13,21 29:14 53:22 54:1 56:5 59:15 65:25 66:4 78:8,17 95:4
99:23
decided 17:7 39:9 41:8,22 43:4 58:24 76:6 100:4
decides 66:11
decision 25:24 53:8 98:2
decisions 18:19
declaratory 18:24
deem 46:2
defect 34:17 46:13 71:10
defective 64:12,13
defendant 1:23
defendants 30:22
defending 37:8
defer 26:2 28:20 59:5,6 97:17
deferred 25:10 100:9 101:1
define 25:15
defined 37:23,24
definition 38:5
definitively 71:18
deflect 83:14
defrauding 65:9,10 65:13
delaware 20:13
delay 99:7
delays 42:10
deluco 1:12
delve 48:21
demarcation 15:2 21:11 36:23 76:4
demonstrate 72:3
denial 66:5 74:21 93:9
denied 48:16 64:24 66:1 98:21
denominator 26:22
denying 91:10,15
department 6:15
depending 46:23
depends 82:10
deploy 71:12
deprived 64:18 73:21 86:25
deputy 101:25
designated 89:14,22 99:24
designees 96:10
desire 73:11 98:20
detail 28:5 53:11 54:23
details 12:5 49:1 62:11 70:17 101:8 101:13
detected 53:12
deterioration 34:13 35:6 40:8
determination 10:2 48:19 58:23 62:12 67:12
determinations 52:23 96:12
determinative 66:10
determine 26:6 27:23 49:17 52:5,11 61:24 67:22 85:11 87:8,12 96:20
determined 10:11 57:25 62:4,23
determining 62:22 74:3 96:23
develop 78:15
developed 80:2
developing 78:1,20
develops 52:15
device 18:6
devil 12:5 28:4 70:17
dialogue 27:4,8
dicey 72:8
dictating 96:13
didn't 69:18 73:9 73:15 88:2,12 90:16 93:22
differ 77:17
differed 42:21
difference 14:13,14 35:20 42:8 43:5,12 43:13 48:8 50:15 53:12 65:9 72:23

77:7 78:10
differences 39:4 41:10 42:17 48:24
different 13:3 22:13 23:19 27:7 35:25 50:6 51:4 52:20 56:24 57:11 58:20 63:16
differing 26:20
difficult 28:11 70:24 76:15
difficulty 12:20
dilute 74:24
direct 72:9
directed 33:14
direction 42:2 60:13 62:18
directions 95:15
directive 52:13
directly 46:9
disagree 18:10 30:8 96:18
disagreeing 24:18
disagreement 24:15 49:9 53:20
disapprove 100:21
disbursed 51:19
disclosure 22:11
discomfort 86:22 86:22 87:3
discord 88:9
discoverable 63:11
discovery 15:6,7,8 15:11,13,22,23,24 17:23 21:13,13,14 22:2,3,12,14,21,23 23:3,3,14 27:22 28:17 29:7 30:13 39:5 40:18 43:20 44:6 46:20,20 47:13 47:18 49:1 57:24 59:2,4,7,14,16,21 62:5,13 63:15,22 76:7,8,9,10,20,23 76:24,25 77:12,15 77:21 80:6 81:6 82:21,21 83:20 87:6 87:9 92:17,18 96:22 97:1,3,11,12,15 98:16,18,21 100:13 100:13
discreet 22:18
discretion 65:23 66:8,11
discretionary 65:6
discrimination 14:21 39:7 43:14,21 58:20 59:3,18 62:1 96:5
discuss 50:16
discussed 80:4 89:21
discussion 10:21 63:18 86:14 91:24 97:14 98:20
discussions 13:20 26:18 63:17
disposal 75:10
dispositive 60:3 62:5 65:24 82:24
dispute 12:4 63:15
disputed 18:3
dissenter 99:17
dissolve 74:22
dissolved 72:18
distinction 48:13 65:13 77:8,10 80:9
distinguish 70:13
distributions 74:9
district 1:2 20:12 53:22 90:11 99:1
districts 50:3
dividends 74:7
docket 55:2,14 57:13,14 100:15
documents 100:15
doesn't 67:13 72:9 72:19 87:4
doing 25:12,17,24 30:20 32:9 34:1 42:15 51:12 53:25 54:2 65:2 80:7
dollar 39:21 84:21 84:22
domain 46:12,14,20
don't 68:10 70:20 71:4,15 72:23 78:8 78:9,17 79:5,10 80:1,16 81:5 82:13 83:4 86:1 87:25 94:9 95:18 100:20
doubt 100:12,23
download 48:1
drifts 44:24
drive 4:10
driven 67:4
driving 65:9,13,17
drop 43:16
drye 8:1
drysdale 7:1,8 45:24
due 21:24 31:5 48:17 62:15 64:18 64:24 66:1,5 72:11 72:19 73:21 74:18 74:21 76:15,23 77:11,20 78:5,14,24 93:9 94:2
dunn 4:1 81:19
duties 96:17

e

e 2:9,9,10 3:1,1 9:1 9:1 90:14,14 103:1 104:1
eamonn 4:22
earlier 18:21 40:10 53:14
early 15:15,22,24 16:3 17:13 19:12 27:2 78:25 97:6
easier 52:6 59:17 71:21
eastern 90:11
easy 66:12
economic 11:5,19 14:25 33:6 34:21 92:2
economy 52:4 77:13
edward 5:6 45:17
effect 25:10 29:12 38:13 41:8 42:13 74:9 80:1
effective 31:8 41:12 65:3 66:17 68:10 72:13 75:13
effectively 22:25
efficient 48:12 65:3 75:3 92:19
efficiently 81:2 92:12
effort 61:23
efforts 10:12
eight 20:8 33:7 67:3 100:10
eighth 4:18
eiseman 3:17
either 10:8 15:12 16:21 19:4 21:12 23:2 25:17 45:4 47:20 56:20 58:5,12 59:14 60:3 62:6,7 62:18 66:13 68:18 83:18 85:15 96:22 97:3,15 98:12 99:11 100:17 102:2
elbows 63:1
electronic 71:13 104:8,11
element 36:6 64:1
elements 38:12 65:1
elevate 57:23
elihu 7:13 45:24 48:4
elizabeth 1:13
ellis 3:10
eloquently 78:22
else's 59:19
eluded 28:25 39:12
encourage 79:16
encouraged 63:8
endeavor 89:15
ends 101:14
energy 72:1
enforce 33:1 38:12 92:5
enforced 69:5,6
enforcing 18:21

engage 47:13
engendered 11:16 66:22
engineer 95:3
enjoin 54:1,8
enjoined 54:8
enjoining 54:5
enormous 89:3
ensuring 68:25
entire 60:7 91:5
entirely 85:14
entirety 49:6
entitled 31:17 104:12
entity 47:12
environment 75:12
envision 41:5,25 51:23
envisioned 41:16
equally 80:20 100:18
equitable 21:22 93:17
especially 10:8
esq 3:7,8,15,22,23 4:6,13,21,22 5:6,7,8 5:15,16,22 6:6,13 6:22 7:6,13,20 8:5 8:13,21
essentially 26:16 83:14 94:15
esserman 7:15,20 9:12 10:13 13:13,19 15:20,23 16:1 45:23 45:23 87:24 89:4 102:5,7
esserman's 11:24 12:11
establish 10:10
established 76:20
establishing 76:20
esteemed 89:22
et 1:7,8 4:9 5:2 8:16
etkin 6:13 88:16,17 88:17 89:10 90:3
etkin's 15:21
evade 58:6
evaluate 27:24 38:16 39:15 92:18
event 60:3 62:3
events 78:15 79:7
eventually 52:20
everybody 10:6 34:3 42:3 45:14 52:24 94:22
everything's 81:1
evidence 22:17 71:8
evidentiary 87:9
evolve 24:6
evolved 16:3
exacerbation 68:11
exact 64:7 91:4
exactly 10:2 11:20 41:25 54:11 56:6,10 64:8
examine 92:2
example 59:17 70:24
exception 38:18 64:8 73:3
exchange 28:15
excusable 19:19 31:2,11 82:23 87:8
executive 63:6
exercise 25:17,22 98:12
exercising 66:11
exist 55:17
existing 67:21
exists 12:10
expanded 56:22
expanding 66:13
expansive 57:11
expect 36:21 98:9
expectation 17:14
expectations 10:21
expected 74:6
expedited 15:25
expeditiously 96:2
expense 85:1
expiration 57:9
expired 19:24 38:24
explain 59:11
explicit 42:6
explore 31:15 54:22
expressed 32:7
expression 10:18
extensive 76:10 81:6,10
extent 9:24 12:3 16:11 19:20 20:3 22:9 26:11,21 30:22 31:4 35:3 41:4 44:5 46:15 51:24 58:23 60:23 64:16 67:19 67:22 69:3 70:3,13 83:17,21 88:9 90:7 91:24 95:1 96:16,17 98:2,19
extraordinarily 77:15
extraordinary 88:23
extremely 76:2

f

f 1:7 2:9 80:14 104:1
fact 12:22 17:13 18:4 31:15 36:11 38:15 47:2 49:5 60:25 61:7 63:8 64:7,11 67:6 71:20 73:17 74:10 78:13 78:21 79:1 82:23 83:11 87:4 95:9 97:23
factor 46:24
factors 46:8 47:20
facts 27:22 28:8 29:7 42:18 61:23 78:1 92:16,23,25 96:15
factual 66:13
fail 86:25 87:1
failed 101:13
failure 71:12 91:16 93:9
fair 10:10 61:16
fairly 19:12 22:18 22:22 42:21 78:25 91:13
fairness 16:23 96:3
faith 97:14
familiarity 61:6
far 10:16 16:25 27:19 31:19 38:19 38:21 50:17 92:10 93:5 94:17 96:25 100:17 101:24
farmed 50:2
farnan 20:13
fashion 16:14 22:13 64:5 66:21
fashioned 21:23 93:17
fast 36:16 79:9
faster 36:17
favor 43:17 54:20
favored 43:21
fear 62:15 81:7
feder 8:5
federal 6:17 36:14 67:16
feel 15:11 55:22
feeling 32:3
fees 20:21
feinberg 31:22 32:1 32:4,5 39:14 40:1 91:25 92:1
feld 5:10 84:4
feldman 63:21
felt 43:19
field 46:17 80:22
fifth 17:22
figure 29:6 30:24 31:23 33:12 51:14
figured 84:8 101:23
figuring 10:3 53:4 65:7
file 18:12 19:19 23:21 24:24 25:9 55:10,19 56:1,13,22 85:16 100:15
filed 18:13 22:19 31:2 39:21 40:15

51:3 54:25 57:7,8 72:2 73:25 74:1,23 80:12 83:9 85:24 86:19 90:11 93:5
files 22:9
filing 24:3,9,19,23 79:15 80:17
filings 9:16
fill 28:16
final 60:7
find 21:9
findings 60:24
fine 24:1 79:12,13 79:22,24
fineberg 75:9,10
fingers 47:8
fires 11:10
firm 8:15 25:23 45:19,19 46:3 75:21 88:13 89:4,4,5 90:11
firms 12:23 13:4,7 55:13
first 12:8 13:10 14:11 15:20 20:25 43:17 47:23 59:12 59:17 60:6 65:24 73:6 81:14,16 82:20 84:2 85:25 88:22 97:18
fit 9:15 38:14
fits 38:9 101:25
five 45:9 57:20 67:3 98:24
fix 67:5
fixed 33:15,18,22 33:24 34:3,4 68:6,7 68:14
fixers 69:23
fixing 33:25 69:1 71:12 94:14
flabbed 94:5
flaxer 3:22 9:12 10:13 13:9 18:14,23 19:3 20:9 21:2,18 24:24 54:24 55:2 75:19,20 77:3,10,18 77:22 79:22 80:23 80:25 81:12 83:25 92:10,14,21 96:9
flaxer's 9:18 17:17 17:21 19:11
flaxer's 93:14
flexible 30:6
flip 58:4,11
floor 7:10 8:10
flooring 1:14
flow 80:20
focus 19:8 33:5 48:14 79:4 92:3
focusing 58:1,9 62:25
folks 13:21 69:15 77:19 101:4
follow 34:21 43:9
force 99:16
forcing 20:17
ford 46:18
foreclose 42:4
foreclosed 25:4
foregoing 104:3,10
forgive 24:8 49:10 50:5 67:17 90:22
form 56:16 68:9,15 68:17 99:25 101:6
formal 46:20
formalities 56:4
formation 99:15
formed 14:7 29:11 29:13,17
forming 19:10
formulation 21:15 23:12
forth 25:16
forum 26:10
forward 16:20 23:16,23 24:16 25:4 25:22,25 26:10,12 37:8,14,15,20 44:19 51:16 54:6 55:9 60:1 68:8 69:3 70:1 78:10 83:12 89:22 99:11
four 20:18 54:17 72:25 97:21
fourth 17:5
frame 88:22
frankly 20:19 34:8 39:9,11 55:1,8 60:6 63:8 83:4,13 86:2 90:24
fraud 14:11 21:18 21:25 22:1,6 27:16 39:6 43:11,16 44:4 48:20 58:19,25 59:5 62:8,12 63:14 64:2 65:1 66:14 76:12,18 77:4,6,14 78:6,18 92:15,19,23 96:8 97:6,9,16
fray 51:15
free 16:15 97:24 98:16
front 42:6 44:6 67:13
full 91:2 98:5 100:9
fully 29:21,23 30:22 30:25 91:5
fundamental 60:4 72:19 82:25
further 15:14 44:15 49:17 53:6,9 57:10 89:15 96:21 99:5
furthermore 86:7
future 16:8 74:7

g

g 9:1 103:3 104:10
gaiting 58:3,10
gap 28:18 42:21
gaps 28:16
gather 10:25 13:20
gathering 51:25
gender 63:15
general 1:7,22 3:3 17:1 19:16 28:3 30:9 38:17,18,19 40:3,24 47:6 96:25
generally 21:20 26:11 77:4
generals 60:14
gentleman 90:9
gentlemen 95:12
gerber 2:10
getting 10:10 12:14 26:21 39:20 41:20 51:11 54:20 61:19 99:20
gibson 4:1 81:19
give 9:13 28:14,15 29:19 62:24 64:14 64:14,15 70:20 90:15 101:19 102:3
given 30:3 71:13 75:6 88:22 95:11
giving 55:24
glove 11:13 32:17 37:21 38:21,23
gm 3:11 11:1,6,12 11:22,23 13:17 14:24 15:10 19:14 19:15,20,23 20:3 22:10,16 31:8,21 32:16,16,20,22 33:25 35:10,10,12 35:24 36:2,6,9,10 36:12,15,20,24 37:3 37:5,8,8,16,17 39:18 46:18 47:2,7 48:25 49:7 51:3 53:13 57:7 59:25,25 60:10 62:19,21 63:5 63:16,16,19,19 64:12 66:2 67:11,13 68:24 69:6,16,16,21 70:6,24 71:17,17,18 72:5,9,16,16 73:16 73:20 83:2,10,13,15 83:22 84:14 85:24 86:19 87:13 93:12 93:17,21 94:3,4,16 94:23 96:7 97:25
gm's 9:17 19:16 22:9 55:7 62:22,22 62:23
gm's 67:4 68:24 70:14,23,23 78:24

93:18
go 9:13 20:20 21:9 23:15 24:16 25:4,22 25:25 26:10,12 35:22 37:8 39:6 40:20 42:1 44:19 45:22 50:17 52:19 52:20 61:17 66:8,10 66:12,20 70:14 74:2 75:5 92:16,22 94:3
goal 12:21
godfrey 3:15 9:7,9
godrey 9:7,10
goes 53:23 78:20 89:5
going 9:14,22,23 10:1,3 17:15 18:3,4 20:25 23:23 25:16 26:10 28:8,8,18,23 30:7,8,11 32:8 33:9 34:3,4 35:1,1 37:7 37:14,15,19 40:4 42:1,2,3 44:22 45:4 47:17 50:9 51:14,17 53:3,23 55:14 60:21 61:12,14 63:17 64:21 66:20 69:3 70:1,20 72:22 74:16 76:7,23,24 77:11,12 78:10 79:10 85:21 86:21 90:23 91:23 94:7 95:22 96:3,25
golden 5:16 20:1 73:17,18 84:1,2,3,3 84:15,16,19 85:3,7 86:8,16 87:20 96:10 97:21
golden's 74:13
golenbock 3:17
good 9:2,10 11:18 13:4 19:10 23:15 28:15,17 35:22 36:2 44:20 45:2 46:11,15 46:21 81:18 92:14 97:14
goodwin 4:15
gotten 47:25 97:19
government 78:23
grace 41:12
grease 63:1
great 20:19 54:15
greater 53:11
green 2:2 97:19
groman 1:12
ground 79:2
grounded 95:9
group 26:19,19,20 29:11,14 30:4 45:25 48:3,5,25 72:18 73:5 75:24 88:7,10
groups 29:4,5,5,16 30:4 51:19
grumet 1:13
guarantee 95:17
guc 4:2 5:11 19:15 20:4 31:1,8,10 73:16 74:6,25 81:19 82:3,4 84:10,12 85:13,21 86:4,20,21 87:5,14 93:5 96:7 98:3,4,7,10,15
guess 12:3 19:2 24:11 51:6 55:3 57:20 82:16 83:19 87:25
gump 5:10 84:4
guy 20:15 62:25
guys 16:10 17:24 18:7 67:20 69:23 101:22

h

haigins 45:20
half 54:8
hallway 80:12
halthenstein 75:22
hand 26:8 65:10 79:8,9 87:24
handle 9:21 11:15 12:8
handled 59:2
happen 19:12 36:25 53:9 79:7 87:2
happened 35:21 60:24
happens 49:7 51:2
happy 66:18 78:14
hard 31:20 72:11
harder 12:7 29:6
harley 88:12
harmonizing 88:9
harry 63:21
hasn't 81:13
hauer 5:10 84:4
haven't 68:17 70:5 86:5,5
head 40:17
hear 10:17 11:17 13:3,9 20:25 21:2,3 57:3 84:2
heard 9:12,14 10:20 13:7 14:9 15:2 16:10 20:2,4 21:3 43:18 50:16 53:14 69:9,16 70:20,23 73:14 76:5 81:14 91:11,13,16 98:5,10 101:14 102:6
hearing 2:14 16:5 21:10 24:17 53:21 82:2,6 83:5 85:17 85:17 89:1,24 93:3 98:25
hearings 49:2
heart 54:16
heat 57:23 66:23
held 87:12
help 12:8
helpful 12:19 76:2 88:9
here's 95:22
hey 73:9
he's 93:19 95:3
highway 8:17 63:11
hired 31:21 39:14 40:1
historically 70:3
history 34:5 60:7,19
histrionics 10:22
hit 55:2
hold 16:14 24:11 70:6 87:11
holders 5:11 74:12 84:6 85:18 98:4,7 98:14
holding 18:20
hon 2:10
honor 9:7,10 21:5 21:11,16 22:18,24 23:17 24:13 25:16 26:14 27:3,25 28:19 28:25 29:13,15,23 29:25 30:19,24 31:21 32:7,13,14 35:9,10 37:6,7,22 38:25 39:9 40:20,21 40:22 41:13,24 42:11,14 44:20 45:3 45:15,20,25 46:7 47:16,22 48:1,12,21 49:3,10,24 50:16 51:8,10 52:5 53:1,7 54:3,10,16 55:1,7 57:20,21 58:5,12 59:10,19,21 61:1,3 61:4,18 62:1,10 64:3 65:1,12,25 66:4,5,10,18,19 67:8 68:3 69:25 70:12 71:6 72:3 73:16,19 75:7,14,20 75:23,25 76:5 77:1 81:12,18 82:1 83:17 84:3,7 85:7 86:7,16 87:2,10,12,20 88:3 88:11,15,17 90:10 91:23 93:2 94:11,13 94:15 95:10 101:16 102:7
honor's 25:1 33:1 42:12,17,20 44:12 44:14 51:11 52:13 53:8 54:23 57:18 59:12 61:9
honor's 65:22 66:7 67:14 68:5 69:7

70:2,10 72:6,12
hope 68:8 81:6 97:13
hopefully 72:1 95:13
hoping 68:6
hours 57:9 85:24
howard 5:8
hundred 84:21 87:25
hurt 39:24

i

ice 53:16
idea 17:23 19:10 20:10
identical 56:22 77:16
identification 103:4
identified 21:11 27:3 42:14 96:19 97:19
identifies 11:21
identify 10:9 18:9 27:14 30:17 42:16 75:7 96:18 99:22
identifying 10:1 76:3
ignition 11:2 33:9 34:1,4,10,14 35:2 35:12,13,22 36:1,7 37:6 38:2 48:16 62:20 65:19 68:14 70:25 71:1,1,3,4,9 71:11,13 94:15
iii 49:16
il 3:13
imagine 47:11
imbedded 25:17
immediately 94:17
impact 69:2 73:16
impacted 36:5 48:16 74:17
impacts 51:16
impermissible 71:10
implicate 71:20 72:6
importance 17:3
important 40:16 56:4 76:11 79:18
impose 17:10 95:18
impossible 97:15
impression 20:14
imputed 63:3,6
inability 72:25
incidents 11:8 32:18
inclinations 10:19
inclined 14:17,19 77:17 83:17
include 26:6 77:14 89:17 100:12
included 43:11
includes 13:2
including 16:15 74:13 80:21 82:11 97:7
inclusion 43:21
inclusive 23:25
inconsistent 100:24
indicated 45:21 46:16 70:15 84:13 86:6
indicating 18:20
indiscernible 57:13
individual 11:1 34:8 68:12,18
individually 74:3
individuals 64:18 73:21
inefficiencies 10:14
inferring 61:13
influence 47:20
information 46:12 46:19 62:19
inherent 42:9 92:2 94:6
inherently 75:2
injected 85:21,25
injunction 13:18 33:1 60:2 66:1 67:11,13,14 70:16 71:20 72:6,10,17,18 73:23 74:19,22
99:18,21
injunctive 34:16
injured 20:20 39:20 65:4
injury 11:8,10 14:23 32:10,19,22 34:25 40:6 60:8,11 66:25
inselbuch 7:13 9:11 10:13 45:24 87:24 89:4
inselbuch's 11:21
insofar 14:15
instance 73:7
insult 66:21
intend 48:4 56:14
intended 100:21
intensive 97:23
intention 57:24 79:16 84:13 86:6
intentionally 101:9
interest 17:4 46:9 73:11 85:18
interested 17:18 95:14
interesting 55:12 60:3 84:11
interests 73:6
interface 12:25
interfere 16:4 50:9 50:11 98:24
interfering 52:22 52:22
intermediary 63:19
internal 47:7 78:24
interplay 80:4
interpreting 67:16
interrupt 60:21
introduce 9:6
intuitions 63:17
investigation 47:6,6 47:8
investigations 47:4 47:5,9,14 75:8 78:23
investment 45:2
invite 56:12
inviting 55:10,25
invoked 11:19
involve 19:14,15 55:12 59:4
involved 34:9 63:22 85:8 94:19 97:22
involves 35:19
involving 20:3
irrespective 16:16
irresponsibly 94:23
isn't 67:18 73:6
issue 11:22 12:2,10 12:23 19:2,18 20:9 21:19 22:3,4,14,15 22:24 23:1,6 24:4,5 24:6 25:9 26:3,21 27:3,10,16,23 29:19 29:24 31:3,4,5 32:22 34:13 35:9,12 35:19 36:8,20,23 38:25 39:7,8,9,10 40:10,10,12,16,16 43:11,14,15,20 44:4 44:5,8 48:15,19 54:13 55:6 56:13 57:21 58:3,11,16 59:8,18,20 60:3,4 62:3,4,9 65:22 66:14,14 68:11,19 69:17 72:12,21 73:3 73:10 74:16,18,20 75:24 77:11,12 78:5 78:14,19 82:4,9,14 82:19,25 83:3,4,19 83:19 84:14 85:9,10 85:11,25 87:15,17 88:19 91:6,8 92:15 92:20,24 93:6,7,15 93:19,23,25 94:6,8 94:10,13,22,24 95:4 97:7 101:2
issued 34:10 80:13 91:3
issues 9:22,23,25 10:1,9,11,15 13:5 14:12,14,17,18,20

14:21 15:4,5,13,14 17:1,3,6,8,15 18:3 18:10 19:14 20:1,3 20:6,7,17 21:6,12 21:20 23:2,7,19 24:6 25:3,14,15,20 25:21 26:18,20 27:9 27:14,15 29:2 30:12 30:18,18,19 32:6 39:1,2,4 41:5,6,7,8 41:20 42:12 43:3,4 47:1,19,21 48:11 50:16 51:18 53:5,6 57:2,16 58:17,19,22 59:4,13,15 62:17 65:24 66:6,15 68:10 68:23 71:10 72:8,22 75:11,16 76:3 79:1 79:4 82:3,23 86:18 87:18 93:25 94:25 96:4,4,23 97:8,16 97:23 98:6,11,11,17 99:22 100:1,2,4,5,5 100:5,6,8
issuing 99:7
item 13:25
items 9:20
iterative 27:8 101:22
it's 65:8,17,18,22 66:4,7,9,12 67:9 69:8 70:24 71:8 72:15 73:19 76:15 77:5,6 82:24 83:13 84:13 86:1,5 87:25 88:23 89:12 90:4,5 92:19 94:6,20 98:22
i'd 65:12 72:20 81:6 84:8
i'll 81:17 82:15 84:2 95:17 96:20 101:14
i'm 66:13,18,20 68:5,17,23 70:20 72:22 73:13 75:7,12 75:21 76:7 77:10,17 77:22 78:14 79:14 81:16,25 82:6 84:22 85:3,9 88:12 90:3,9 90:23,24,25 91:11 91:15,23 93:15,24 96:13 97:7,13 98:18 100:17
i've 68:7 69:9 86:16 99:14,24 101:8

j

j 3:7 5:7
jerk 69:18
jerks 69:22,24 70:1 70:4
jim 63:21
job 20:15 29:3 53:4
joe 20:13 63:5
john 6:6
join 55:20
joined 57:16
joining 79:16
joint 49:15 50:11 100:12,13
jointly 1:7 19:7 96:19 100:11
jomaka 8:16
jonathan 3:22
jones 6:2,9 8:7
jr 4:13 8:21
judge 2:11 18:19,19 20:12,17 27:19 44:11 45:11,17 46:5 51:13 52:19,23 54:1 75:18 86:12 99:6
judges 20:18 49:16
judge's 103:5
judgment 18:23,24
judicial 10:2 12:24 16:6 49:22 52:4 58:23 77:13 99:1
judicially 10:11 41:22 74:1
july 11:11 22:20 41:11
jump 73:22 75:23
juncture 97:7
june 22:19 27:18 30:10 78:25
jurisdiction 50:14 67:12
justice 6:15

k

k 1:7 6:6
katelyn 1:15
keep 37:12 76:12 78:14
keeping 77:2 95:22
keith 4:6 81:18
kelley 8:1
ken 31:22 75:9 91:25
kick 78:19
kind 22:13 27:21 37:18,19 93:16,20
kinds 20:7 58:20 98:8
king 3:2
kirkland 3:10 9:8
knew 46:14 62:19 62:20 63:19,23
know 9:3,11 13:8 13:15,22 20:13 25:2 27:12,13 28:5,6,9 28:18 29:2,7,12,13 29:20,21 30:25 34:20 35:9 36:3 40:9 44:11,16 48:2 55:2 56:10,22 57:15 58:1,9 61:4 63:19 63:21 64:13 69:25 71:2,4,15,25 74:6 79:8,19,19 80:12,16 82:22,25 83:11,13 83:14 87:25 94:17
knowing 64:6
knowledge 60:23 61:6 62:22,23 63:2 63:5 65:16
known 19:23 31:22 63:23,25 64:1,11
knows 45:25 75:7 75:15
kosha 52:5
kozyak 88:13

l

l 7:20 90:14 103:3
la 8:19
laboratory 62:25
lack 51:14 71:21 72:18 74:18 76:15 78:14
ladies 95:12
laid 46:7
land 17:15
laplace 8:19
larger 26:21
lasalle 3:12
lastly 20:8
late 19:19 30:10 31:2 73:25 74:1,23 79:23 84:12 93:5
law 8:15 12:23 13:1 20:4 32:17 37:22,23 38:5,8,15 62:5 67:16 72:22 90:11
laws 11:14 12:11 36:14 38:1,8
lawsuit 34:11,15,19
lawsuits 32:14,24 33:5,6 38:11 52:10 88:23 92:3
lawyer 20:12 22:7,8 49:11,12 84:20 95:2 95:3
lawyers 20:14 69:10 73:12 78:1 86:10 88:1,23 90:21 91:5
lay 17:15 62:16
lead 21:14 24:14 26:1 50:25 51:15 89:14
leads 27:4
leaned 43:17
leased 65:15
leave 26:24 53:15 95:25
led 32:18,22
left 11:15,16 31:10 62:2 66:22 100:24 101:9

legal 11:18 14:20 23:2,7 27:23 31:24 32:6 39:8,9,10 66:14 76:6 91:8 92:25
legitimate 94:1
lemon 11:14 12:10 32:17 37:22,23 38:1 38:5,8,8,14 72:22
length 14:5
lengthy 15:8 95:13
letter 11:21,24 12:11 13:14,19 14:1 15:21,21,22 16:3 18:19 20:8 23:20 24:2 25:14 29:11 30:3,6,16 42:25 43:1 79:12,24 85:16 85:22,25 88:20 89:7 89:9,10 90:15,16,17 93:7
letters 9:19 12:1,13 14:8 15:9 24:15 25:8 99:12
letting 66:15
let's 73:21,24 77:25 78:19,20 84:1
level 46:19 87:3 88:25
levels 63:16
lexington 7:9
liabilities 33:2 40:7
liability 11:7 12:25 22:11 32:17,18 33:4 33:4 36:13,20 37:1 37:2,4 39:18 72:4 83:14 92:7
liable 72:17
liaison 29:16 50:25 87:23 88:7 89:8
lie 32:6
life 32:19 53:2 55:24
lifland 18:19
lift 83:9
light 25:7 76:1 79:1 97:19
liked 73:16
likes 94:22
likewise 98:14
limitation 77:5
limited 12:23 22:12 27:21 43:20 44:24 59:7,14 76:9 96:22 97:12,15
limits 9:14
line 12:21 14:19 43:1,3,6 76:4
lines 54:24
liquidation 1:6 4:2
list 14:12 37:6 94:19
listed 13:25
listen 52:21 53:25
listening 94:21 95:6
litigate 40:13 75:12
litigated 42:16
litigating 46:17
litigation 16:7,8 20:21 34:9 40:25 42:7 49:15,17,23 50:1 75:2 81:10 99:1
litigations 16:13
little 16:23 21:13 23:3,13 28:24 29:1 29:9 30:2 54:23
live 28:19
livingston 6:3
llc 1:22 3:3 8:15
llp 3:2,17 4:1,15 5:1 5:10 6:1,8 8:1 45:18
load 32:11
lobotomy 61:3,13
locale 50:1
lockwood 7:6
logic 23:5,12 44:7
logical 15:13
long 71:25
longer 28:24 29:1
look 52:21 53:25 73:19 93:11,21 94:7
looking 19:3 28:20 42:3 90:24,25
looming 85:9
loose 101:13
lose 33:18 55:15 62:3 81:5
loss 11:5,19 32:18 33:6,8,17 34:5,7
losses 34:21 92:2
lost 24:8 33:10 56:2
lot 28:3,11,13 44:16 44:24 59:16 62:19 67:4 71:8 76:1,21 78:25 79:1
lots 46:12,13 74:16
louisiana 90:12
lowenstein 6:1,8 88:17
lowest 26:22
lumping 21:20
luxury 63:4

m

m 5:22
madison 3:19
mail 96:12
major 77:21
majority 12:14,16 14:15 16:20 89:13 89:23 99:10
making 13:2 22:11 37:14 44:7 52:7 53:8 57:1 77:9,10 92:11
management 65:6 66:7 91:17 97:2
manner 66:17
manufactured 36:10,24 37:17
marcus 1:14
maria 8:13
mark 4:13 43:6 45:19
marketplace 47:17
marona 81:21
martorana 4:6 81:18,19,22,22,23 81:24 82:1,11,12,16 96:9 97:21
massage 102:2
massaged 43:2
massive 15:23
masumoto 6:22
material 14:13
materiality 96:20
matt 63:20
matter 1:4 14:13 18:13,17 24:20,21 32:1 47:2 49:5 53:2 55:18 57:19 59:15 59:25 62:5,23 65:22 66:7 67:11 72:19,21 74:10 77:13 80:5 92:12 96:25 97:4 98:13 100:11,18 101:1 104:12
matters 20:4 24:18 26:5 56:12 59:13 61:8 75:4 96:18,20 97:17,22 100:10
matured 44:13
maximum 96:16
mdl 16:13,16 24:4 24:10,11,12,19 25:9 25:25 26:6,9,9,11 26:11 37:9 41:9 49:4 50:13,17 51:13 53:9,15,21 79:6 98:24
mdl's 16:5
mean 17:12 22:19 33:17 35:15 39:19 41:17,25 50:12,19 57:8 79:14 91:9 92:5
meaning 50:5,6 69:11
meaningful 80:10
means 10:10 15:2 28:9 38:5
meant 82:12
measly 49:12
measure 67:9
meat 96:13

mechanic's 63:5
mechanism 18:5 51:16 55:6 56:19
mechanisms 56:15
mediate 75:11
mediation 20:9 31:19,20 32:3 75:1 75:4 81:3,7 83:23 91:25 101:1
meet 40:17 96:15 97:12 101:10
meeting 20:10 47:24 58:21
melding 57:18 92:10
member 16:2
mention 47:11 71:6 81:1
mentioned 12:11 80:11 88:5 101:7
merely 24:14
merit 86:15
merits 10:7 46:6 51:19,20 62:16 65:7
messrs 96:9
metamorphous 60:7
michael 6:13 88:17
michigan 50:13
mid 30:10 79:23
middle 60:15,17
miles 34:12 67:4
million 65:17
milstein 63:21
mind 17:20 22:5 56:25 59:6 63:15 76:12 78:15,16
mineola 104:22
minute 44:17 45:8 84:9
minutes 45:2,4,5 95:15
mistake 87:18
mistaken 90:9
misunderstand 68:2
misunderstood 68:4
mixed 67:6
modest 22:12
modification 14:2
modifications 14:10
modified 92:22
molton 5:7
moment 78:7
momentarily 10:17 96:8
money 20:19 61:22 75:9
monstrous 20:11
month 42:8
months 9:24
moon 84:23
morning 9:2,10 53:14 80:11 81:18
morph 52:14
morphed 60:13
moss 5:15
motion 9:18 38:12 55:7,20,20 57:7,14 73:15 76:13 83:9 92:5 99:15
motors 1:6,7,22 3:3 4:2
move 32:25,25 46:6 58:15 66:18 89:21
moved 83:12
moves 68:8
moving 51:16 54:5 55:9 60:1 83:3
mspa 22:17 32:15 33:2 36:12 37:23
multi 99:1
multidistrict 16:6 16:15 49:15,17,23
multiple 50:1
multiplicity 52:10 75:8

n

n 3:1 7:6 9:1 90:14 103:1,3 104:1
name 46:6 84:8
names 10:8
naomi 5:15
narrow 49:8 53:5 61:23 62:13
narrowed 51:12,18
narrowing 47:19 57:24 66:15 71:10
narrowly 28:9,10 92:17
national 63:11
nature 34:19
near 74:15
necessarily 17:12 22:20 46:21 47:12 48:22 54:19,19 55:23 62:23 63:2,22
necessary 27:23 46:2,4 72:14 89:18 90:7
necessity 56:21 76:7
need 9:22,23 10:1,9 11:15 13:3,5,7 14:14 15:14,18 16:13 17:5,8 18:15 18:21 19:3,8 23:9 27:22 28:5,6,9 29:8 29:16 37:24 40:9 53:6 54:21 64:25 76:19 78:9,10 80:9 86:19 88:1 91:8 95:19 96:17 101:23
needed 30:2 41:6 42:5 94:5
needs 13:22,24 15:16 20:10,16 23:10 62:4 71:7 83:4 85:11 89:21 97:12 101:10
negative 56:2
neglect 19:19 31:2 31:11 82:23 87:8
negligence 95:2
negotiate 31:25
negotiated 32:8
negotiating 22:16
negotiation 20:17
never 53:3 74:19 79:16 94:19
nevertheless 71:23
new 1:2 2:3,3 3:5,11 3:20 4:4,17,19 5:4 5:13,20 6:11,20 7:11 8:3,11 9:17 11:1,6,12,22,23 13:17 14:24 15:9 19:14 26:8 31:21 32:16,16,22 33:25 35:9,15,21 36:2,6 36:12,15,24 37:3,8 37:8,17 39:18 47:2 47:7,25 48:25 49:7 50:14 51:3 53:13 54:24 55:7 56:1,13 56:22 57:7 59:24,25 60:10 62:21,23 63:4 63:16,19 66:2 67:11 67:13 68:24,24 69:6 69:16,21,22 70:6,14 70:22,24 71:1,3,17 71:17,18 72:5,9,16 72:16 73:20 74:8 83:2,10,12,15,22 84:13 85:24 86:19 87:13 93:11,17,21 94:16,23 97:25
newport 4:11
news 46:11,15,22 46:23
night 86:17
nine 33:7 100:20
ninth 10:19
nj 6:4
noes 46:7
noise 72:14
non 21:1 31:24
north 3:12
note 16:1 44:18 46:8 75:20
notes 40:20
notice 12:24 64:14 64:15,15 93:9 96:11
notion 76:5

notwithstanding 59:23 67:11 74:21 75:16 97:1
nuance 12:7 35:20 36:22 37:13,22 38:10
nuanced 93:24
number 10:17 13:25 23:18 31:9,9 49:6,9,14 57:20 65:15,16 72:25 78:23 88:22,23
nw 7:2
ny 3:5,20 4:4,19 5:4 5:13,20 6:11,20 7:11 8:3,11 104:22

o

o 2:9 9:1 104:1
o'hagan 4:22
object 23:22
objection 9:18 55:20 76:13
objections 55:19
objectively 62:17
objector 93:8
observed 78:23
observers 18:22
obtained 72:5
obviate 91:4
obvious 16:25 73:19
obviously 11:17 14:9 20:9 45:21 57:8,9 77:3
occurred 36:4
occurrences 11:9
october 34:2
office 6:17 63:6
official 104:11
oh 12:1 21:2 60:21 67:6 90:8 102:8
okay 9:9 12:1 14:4 16:24 26:13 35:18 40:12 41:24 43:25 44:9 45:6 50:22 54:12 60:20 61:16 80:2,24 81:11 82:16 83:24 87:19 88:14 90:8,13 102:5,8,11
old 19:15,16,20,23 20:3 22:10,16 31:8 32:20 33:8 35:10,12 36:1,9,10,20 37:5 37:16 62:22 63:16 63:19 64:12 67:3 70:23 71:1,5 73:16 93:18 94:3,3 96:7 104:20
once 16:1 38:3 50:17 55:7 67:14 85:11 92:15
ones 81:2
ongoing 53:17 78:24
open 53:15 58:16 78:15,16
opening 67:2
opinion 48:9 52:3 74:14 78:10
opponents 33:14
opportunity 9:13 20:2 23:10 29:19 55:19 91:10,16 93:20 98:5
opposed 52:8 59:10 59:19 76:9
oral 70:6
order 13:18 14:1 18:21 22:19 25:5 31:6,6 36:11 56:18 60:2,8 61:24 64:19 64:20,21 67:21,23 71:21 74:8 91:4,6 91:17,20 93:10 94:2 96:11 97:2,4 99:15 99:19,25 100:17 101:6,7 102:3
orderly 10:15,21
orders 11:24 91:9
ordinary 37:2,3
organize 29:3
organized 29:2,9,20 29:23 30:22,25 51:19
original 43:10
originally 60:9
orms 2:25 104:10
otterbourg 5:18 46:2 88:4
ought 48:2,10 55:17 55:18 59:14 61:19 61:21 65:2 73:3 74:19 77:24 78:8
outlier 29:16 48:2,2 48:6 64:9 73:3
outliers 29:14 48:18
outline 22:24
outset 82:2
outside 38:23 72:10
overall 32:6
overalls 63:1
overflow 45:1 91:3
overly 64:5
overnight 96:12
owned 65:15

p

p 3:1,1 4:13,21 9:1
p.c. 3:15
p.m. 95:20,20
pachulski 8:7
page 48:4 103:4
pages 9:16
panel 16:6,13,16,16 49:15,16,18,23 50:11,20 52:18 53:22 99:1
panel's 98:24
paper 70:4
papers 37:23 39:8 39:13 59:19
paradigm 38:9
paragraph 13:14
paragraphs 43:3
pardon 90:19
park 4:3 5:12,19 8:2
parked 34:11,17
parse 52:10 71:16 71:17 72:2
part 36:1,2,2 37:6,9 41:3,9 42:6 46:11 46:21,23 47:12 48:19 49:5,14 58:18 60:13 67:24 71:19 71:21 73:4,4 74:2 92:5 98:12
partial 11:3
participate 83:20 83:23 85:16,23 98:16 99:15
particular 38:10,15 94:24
particularly 82:22
parties 9:14 17:10 17:18 20:16 33:21 46:21,25 47:19 48:11,16 50:10 51:17 54:5,9,21 55:10,18 56:14 57:6 57:17,22 60:4 65:4 66:15 68:9 69:1 71:2 72:10 78:3 82:7,12 86:23 99:14 99:22 100:14
partly 56:2
partner 87:22 88:6
parts 11:2 49:5,13 85:4
party 83:16 97:24 99:5
passed 44:17
pause 33:13 37:11 49:20 51:21 61:11 69:13 70:19 76:8 84:15 86:8 90:13
pay 32:10
paying 32:11,12
peace 52:25
pendency 47:13
pending 11:1 16:13 88:18
people 19:8 20:20 20:22 22:16,17 23:11,20 24:1 26:22 28:7 29:4,5,5,8 32:10,12 34:21,24 39:16,19 40:5,7,23 42:23 44:25 55:25

56:12,21 57:9 63:9 63:23 64:13,23 65:15,18,25 66:24 69:3,25 70:3 74:16 74:23 79:21 86:25 95:6,14 101:7,14
perceived 34:5,17 35:6 55:16 99:7 100:8
period 22:18 28:22 28:23 30:17 41:12 51:6,7
permanently 42:4 87:12
permit 16:6 98:25
permitted 67:10 97:16
person 31:22 35:23 63:2 83:10,12 91:19 93:6,7,13
personal 11:7 14:22 32:19 34:25 60:11 66:25
perspective 46:24 47:23 51:11 52:3 55:5 58:2,10 59:12 59:13 61:21 62:2,6 65:4 66:3 82:18
persuasive 19:13
peskoe 3:17
peter 7:6
petition 19:22 60:12 98:1
ph 45:20 46:2 52:5 52:6 63:21 75:22 94:5
phase 43:17,20 58:18
philosophical 76:4
phone 44:25 81:17 90:9 91:12,18,19
phrase 17:8
pick 50:12
picking 30:16 40:7 79:22
piecemeal 22:25
piecemealing 23:5
pieces 70:4
pile 84:7
pin 28:10
pinto 46:18
pioneer 87:7 93:25 97:22
place 11:10 15:14 26:7 31:6 32:20 37:5 47:25 53:19 65:20 100:14
placed 90:4
places 52:21
plaintiff 15:10 30:4 30:4 45:25 48:10 73:5 75:24 100:22
plaintiff's 22:7,8
plaintiffs 1:20 3:18 4:16 6:2,9 8:8 12:15,18,22 13:14 13:15,16 14:2,15 26:17 30:24 47:24 48:3,9,24 49:7 51:19 59:24 60:1 61:21 64:7 67:10 70:7,12 71:23 73:2 75:15 83:7 84:12 86:3,3 87:13 88:18 89:8,13,16,23 94:1
plaintiffs' 69:9 86:10 88:10,24 90:5 98:9
plaintiff's 69:12 84:20
play 89:11,25
players 15:9
playing 41:15
plaza 4:10
pleading 40:15
pleadings 38:20 79:19 83:11
please 9:2 12:12 21:2 26:13 33:13 37:11 42:24 49:10 51:21 58:15 61:17 68:1 69:13 81:15 84:15 86:8 87:22
90:13 95:21 101:5
pled 38:2
plenty 63:9
plifka 7:15 45:23
plug 69:16 102:2
plus 51:4
pm 102:13
point 13:3 16:17 17:21 18:14,14 19:11 24:14,15,22 38:24 43:8 53:11 56:24,25 57:16 70:9 75:1 76:11,16 77:14 80:9,25 83:5 89:6 92:7
pointed 88:5
points 54:16 57:4 88:1
portion 52:11 64:20
position 60:4 61:4 61:15 63:10 72:11 73:10 84:9 92:6 102:1
positions 10:8
posner 5:22 84:1,2 87:21 88:3,4,15,16
possibility 18:15 35:23 53:15 57:15 76:9 81:3 82:2 83:8 96:6
possible 23:8 48:13 66:17 75:4 96:1,16 97:6
possibly 64:9 66:21 66:24 93:11
post 11:23 19:22 33:4 35:20 36:4 60:12,12 61:7,8 70:11 97:25
potential 29:6 47:14 83:8 84:11
potentially 15:7 31:14 57:3 59:15 72:8
power 24:11
practical 39:11 58:24 74:17 101:5
practicality 74:11
practice 57:15 73:15
practicing 20:12
prayers 52:12
pre 92:7
preclude 57:12
precondition 69:4
prefer 43:22 59:5 72:7,20,20 75:11 84:23,24
preferable 97:5
preference 44:12 58:21 101:21
preferred 59:15 100:14
prejudge 31:12
prejudice 98:22 99:4 101:2
preliminary 9:15 14:7 99:17,21
prep 90:16
prepare 96:10
prepared 12:15 23:4 40:13,17 41:1 42:7 67:5 73:6 75:16 78:16
preparing 19:25 48:11 99:25
prepetition 19:21 39:16,20 97:25
presale 33:1,4 70:11
present 23:2,7 27:9 68:9 73:9 96:19
presentation 30:20
presented 21:7 29:25 68:14 75:13 100:6
presenting 22:17 48:12
press 63:13 94:21
preston 3:23
presumably 18:23 44:25
presume 48:6

pretrial 16:7 26:7 50:1,2 99:2
pretty 9:21 10:16 11:18 15:23 18:20 19:13 67:7
preventing 59:25
primary 10:4 40:1
principal 15:9
private 36:19
pro 1:15 85:10
probable 95:9
probably 23:9,10 42:9 82:21 87:14 95:3
problem 13:8 27:13 28:2 48:16 53:24 65:19 68:11 71:15 97:19
procedural 18:18 21:23 24:4,5 31:5 50:24 51:16 53:4,24 55:6,8,16,23 56:15 56:16,19 80:21 93:9 94:1
procedurally 19:7 29:22 51:5 55:14
procedure 23:2,23 52:15 74:2
procedures 13:14 14:1 89:18 92:10
proceed 10:20 12:15 15:24 16:8 54:14 77:25 86:18 87:13 96:2 99:3
proceeding 18:12 18:25 23:21 25:18 25:25 27:12 39:3 51:10 55:9,11,17,24 57:14,19 61:7 73:15 76:14 80:18 83:6 92:11 97:3 98:13 100:10
proceedings 16:7 26:7 49:4 50:1,2,13 53:15 56:1,11,13,23 79:15,17 80:5 85:22 86:1,2 96:22 99:2,5 102:13 104:4,12
process 10:15 15:8 21:24 31:5 41:15,17 48:17 51:5 53:8,16 62:15 64:18,24 66:1 66:5 68:6,7,8,24 71:19,24 72:11,19 73:21 74:2,5,18,21 76:16,23,24 77:11 77:20,25 78:5,14,20 80:2,15 92:22 93:9 94:2 101:22
product 64:11,12 64:13
productive 44:22 81:8
products 46:17
professional 18:9 96:17
professionals 22:16
progress 42:15 45:4
prongs 76:19
proper 21:15,25 40:12
properly 29:17 34:20 42:14 70:15
property 11:8 14:23 32:19 34:25 60:9,11 66:25
proposal 43:10 57:17
propose 27:4,21
proposed 9:20 16:21 17:25 99:12 99:23,25 100:17 101:8
proposing 28:12
proposition 30:9 51:11 64:10,10
propositions 28:3
propriety 54:18
prospect 20:10
prospective 13:16
prove 64:23 67:10 71:8 75:17
proven 12:24 64:11
provide 100:16
provided 23:22
provides 97:2
providing 96:14
proving 63:24
provision 35:4
provisions 67:23
public 46:12,14,20 62:19 65:10,14,17 84:5
publically 84:5,5
pulled 69:16
punitive 84:24,25 84:25
purchase 32:15
pure 23:7 39:8,10
purely 14:20 24:18 26:2 27:23 28:5
purporting 60:10
purpose 66:15 67:18,19 86:14 99:24
purposely 33:3
purposes 10:4 18:18 38:6 51:1,1 55:25 65:5 80:7 88:25 89:24
pursue 53:11 63:14 67:10
put 10:3 13:11,11 15:4,4 16:13 22:7 24:11 36:1,2 37:23 40:10 48:18 49:20 53:16 56:4 57:3 63:10 78:5,6 83:15 86:8,9,10 90:23 92:23 93:13,19 94:14
putting 96:13

q

qualify 38:5
question 12:7 33:13 67:15,18,19,21 68:2 72:25 84:23 85:4 89:7
questions 10:22,24 21:9 44:15 46:6,10 52:9 58:5,12 66:19
quickest 71:25
quickly 72:14 88:25
quite 41:25
quote 89:6

r

r 2:9 3:1 4:6 9:1 103:3 104:1
raise 12:2 40:12 70:8 81:2 101:2
raised 14:20 20:9 31:4,5 39:1,2,7 40:14 59:18 60:6,6 83:8,10 84:14 88:20 88:20 93:6,7
raising 13:5
rare 46:19
rationales 87:9
ratzlaff 4:9 5:2
reach 25:23 68:9
read 9:16,17,19 15:9,22 22:5 40:15 63:13 69:10
readily 57:5 70:13
reading 14:7 16:25 71:9
ready 20:24 88:10
reality 47:17 93:6
really 18:6,7 25:1 26:24 27:2 28:6 29:3 48:10 67:15 90:4,5
realm 89:1
reargument 101:12
reason 28:23 39:11 41:4 60:5 64:4 70:2
reasons 40:1 48:21 69:21
recall 33:9,11,25 34:6,14 35:3,4,14 35:19 36:4,14,15 46:13 68:13 69:5,24 70:25 77:5
recalled 71:4
receives 50:17
receptivity 28:13

recess 44:17 45:9,13 95:19
recessed 95:20
recitation 24:24 36:22
recognition 41:3
recognize 97:9
recommend 101:24
recommendation 17:9
recommended 59:8
reconvened 95:20
record 12:24 17:24 23:15 26:15 27:1 30:12,14 45:17 51:9 62:19 63:10 70:5 88:4 104:4
recording 104:12
recovery 31:16,17 93:20
referred 12:18 58:2 58:10
refined 15:15
refinements 95:24
reflect 90:16
reflection 57:10
reflexive 27:10
reg 1:6,16
regard 12:9 15:12 17:21 19:10 26:14 30:1,14 37:21 38:25 47:18,21 53:11 54:17,17,24 60:11 62:12,20 72:24 73:14 77:18 88:11 94:12
regarding 46:12
regulate 87:7
regulatory 47:4
reject 15:19
relate 27:15 72:5
related 17:17 25:2 25:14,21 30:19 41:6 41:8 82:3 89:7 98:11,19
relates 36:9,17 64:22 82:22 87:14
relating 31:5 36:14 37:16,17 94:2
relatively 44:23
relax 41:13
releases 70:7
relevant 27:14 46:9 46:24 94:20
reliance 60:2
relief 34:16 52:12 99:21
remain 51:25
remainder 85:1 98:17
remaining 14:18 48:24 96:4
remarks 21:1
remedy 21:22 31:7 31:8 48:17 73:22,24 74:21,22 76:19 86:21 93:10,11,17 94:8
remember 60:19
remembering 62:18
remiss 88:11
renewal 98:22
reorganization 61:7
repair 35:2 37:25
repaired 33:11 34:18 35:23,24 38:3 38:4,4,21
repairing 36:6
repeat 79:5
repetition 10:22 13:2
repetitive 21:1
replacing 33:25 70:25
replicate 55:10
reply 91:22
report 63:13 78:24
represent 86:4
represented 73:7
represents 13:16
request 18:1 83:20 98:21
requests 18:5
require 22:2 51:2 59:16,21 82:20 87:6 97:10
required 31:15 59:21
requirement 98:16
requirements 91:17 91:20 101:20
requires 16:23 40:18
reservation 100:9
reserve 45:21 71:23 93:1
resolution 31:25 32:8 47:1 48:12 53:17 57:15 66:16
resolve 59:13 74:17 75:10,16 77:24
resolved 48:25 53:7 71:7 83:22 85:11
resolving 75:3
respect 11:2,8 12:10 13:25 16:8 58:17 67:17 89:3 99:2
respectfully 65:2 91:10
respective 10:7 11:17 90:6 97:12
respects 77:21 95:23
respond 57:7 58:6 58:13
response 91:21 102:10
responses 57:11
responsibilities 18:9 58:22
responsibility 11:13 32:23
responsibly 94:24 94:25
rest 10:16 40:20 42:13
restate 23:24 68:1
restructuring 61:8
result 18:3 22:22
resulting 95:15
results 91:7
retained 33:2,4 36:20 37:1 39:17 92:1
retaining 92:6
retrospect 59:18
return 91:12
review 70:5
reviewing 25:8
revisit 87:15
revocation 64:21
rhetorical 85:5
ricardo 3:23
richard 3:15 9:7
rid 92:25
right 15:12 35:17 36:19,22 39:25 41:21 45:4,21 48:15 54:13,20 55:5 60:18 66:8,9 69:14 71:24 73:22 74:21,22 75:19,23 76:17 77:23 79:10 82:16 87:21 90:8 93:1 95:12 101:2 102:8
rightly 11:6 12:17
rights 10:20 14:8 15:1 42:4 56:17 64:16 87:1,1 94:3 99:4 100:9
ripe 87:8
rise 88:19
rising 102:6
road 72:15 104:20
robe 20:15
robert 2:10
robin 1:12
robinson 4:8,8,13 45:18,19 46:16
rocter 4:15
role 22:7 63:18 75:9 88:7
rolled 13:23 80:15 100:7
room 52:24 63:3,7 77:19

roseland 6:4
rostrum 34:22 42:23
rudnick 5:1 45:18
rule 16:7,12 17:16 18:5 21:20 23:6 39:3 44:5 59:23 80:14 83:17 93:2 99:1,16
ruled 19:20
rules 28:19
ruling 25:2 26:15 30:16 59:22 87:15 90:2,3 91:1,15 99:4 103:5
rulings 13:23 28:25 51:24 99:6,7 100:25 101:9
run 28:14 47:8 80:8
rush 56:21 79:10
rushing 17:2 54:19

s

s 3:1,23 6:13 9:1 103:3
safety 63:11
sale 11:11,23 12:6 13:18 14:1 22:20 25:5 31:6 32:20,21 33:4 35:13,20 36:4 36:11 60:2,8,12,17 61:24 64:15,16,19 64:20,21 67:21,23 70:11 71:19,21 92:7
salutary 29:12
sander 7:20 45:23 48:4
sandler 6:1,8 88:18
satisfactorily 88:2
satisfactory 100:19
satisfy 98:3
satisfying 11:13
saxson 1:15
saying 24:14 27:6 31:7 36:14 56:4 93:10
says 28:5 89:13
scenario 51:23 86:13
scenes 22:10
schedule 102:1
scheduled 16:5 98:25
schedules 29:6
scheduling 80:7 99:19
scientist 95:3
scope 67:21
scott 3:8
script 21:9
seats 9:2 45:14 95:21
sec 47:6
second 38:4,21 40:19 42:16 43:13 53:19 62:22 70:2,19 89:3,6 92:4
secondary 44:8
securities 94:4
see 9:15 11:25 23:11,19 24:2 28:15 28:17 30:13 32:4,5 40:2 46:19 58:16 70:9 73:13 78:20 84:1 86:12 97:11 101:25
seeing 12:20
seek 14:3 86:4
seeking 81:9 85:16
seemingly 52:18
seen 68:17 70:5
select 26:10 50:25
selected 30:3
selection 26:1
sends 52:18
sense 11:18 12:14 23:6 42:9 59:5
sensitive 82:23
sensitivity 47:12
sent 85:22
sentence 56:3
sentiment 32:6 56:10
separate 15:5 19:5 56:11,12,25,25 57:13,14 76:15 80:16
separately 26:19
separating 55:24
september 41:11
serious 17:1 29:1
serve 81:9
serves 66:14
services 46:3
set 10:15 15:16 17:6 17:18 25:16 61:23 67:7
setting 57:6 65:23
settle 102:3
settled 96:11 101:7
seven 5:3 19:14 28:21 33:7 49:16 67:3 85:24 99:22
shapiro 4:8
share 16:18 59:12
shed 76:1 78:25
sheila 2:25 104:10
sherwood 6:6
she'll 102:1
shifted 73:25
shifting 18:6 27:3
shoes 86:9,11 90:23
shoot 84:23
shop 55:3
shops 55:3
short 56:18 89:12
shortened 30:5
shorter 28:24
show 13:16 38:13 41:2
shown 14:18 96:4
shows 73:18
side 10:8 15:12 23:9 28:13 29:22 47:20 59:14 60:22 69:11 69:12 78:6 88:24 97:15 98:9
sides 20:10 47:16 62:6 78:2
siganowski 46:2
sight 81:5
sign 68:15
signature 104:18
signed 69:4 70:4
significant 22:21 44:6 87:6
significantly 39:5
signing 69:2
similar 12:10 17:19 19:3 55:4 77:15 95:23
similarly 1:19
simplest 67:8
simplistic 64:5
simply 52:21 53:16
single 48:9 51:5,12 52:4 100:15
sit 70:21
sitting 27:6 63:3 94:4
situated 1:19
situation 91:4
situations 31:24
six 18:12 28:21 33:7 67:3 99:9
skepticism 78:12
skip 72:22
sleep 94:3
slip 48:4
small 36:6
sold 36:25 60:12 65:18
solely 60:11 65:6 86:14
soon 78:25 101:5
sooner 58:24 59:2
sorry 60:16 79:15 81:25 93:15
sort 52:8 58:4,11 61:10,18 62:14 66:18 76:4,7,18 77:24 80:4,15,17
sought 69:6 72:5
sound 104:11
sounds 82:6

south 2:25 4:16 104:3
southern 1:2
spalding 3:2
span 22:21
speak 48:5,6 52:24
speaking 14:5
speaks 13:13
specific 27:25 38:17 65:18
speculated 19:25
speed 47:21
spell 42:1
spend 72:1
spending 61:19,22 63:20
spent 45:16
spoke 77:19,19
spoken 40:24
square 5:3
stage 64:25 93:4
stand 29:15 40:25 41:1,2 44:22 53:18 73:9 82:1 84:9 99:10
standards 87:7
standing 98:10
stands 14:2 52:14 88:10
standstill 16:19 54:18 99:17
stang 8:7
star 32:11
start 15:14 44:19 52:7 64:9 67:22 82:5
started 21:10 75:6
starting 10:24 47:23
starts 46:21
state 11:14 67:16 89:11,25 99:25
stated 56:9 100:20
statement 38:17,19
statements 83:11
states 1:1 6:15
stating 56:7
status 2:14 25:11,12 25:13 26:4 27:18 30:11,20,21 48:23 51:8 56:18 78:11,19 79:3 101:18
statutory 11:22
stay 27:17 41:13 42:6 99:5
stayed 24:17
steel 5:8
steering 15:10 16:2 100:23
stein 91:18
steinberg 3:7 9:3,5 9:8 10:12 12:4,13 18:18 20:24 21:4,5 22:5,15 24:8,13 26:9,14 33:16,20,23 35:17,19 37:3,11,15 37:19 39:22,25 41:19,21,23 42:24 43:7,10,23 44:1,3 46:5 48:1 50:16 53:14,18 54:3,10 58:17 59:7 61:12 62:14 67:2 70:15,19 72:24 75:2 80:11 91:22,23 96:9 99:12 100:22 101:15,16 101:21 102:4
steinberg's 79:12 79:24
step 32:3 42:16 49:8 49:9 76:22
steps 42:14,15 53:4
steven 1:12
stipulate 23:14
stipulated 17:24 18:2 23:15 26:15 27:1 30:12,14 78:5 92:16,23 93:1
stipulation 27:17 29:7
stipulations 42:18 57:21,23 78:1,13,21
stop 52:21 53:25 69:21,24
stopped 16:14
story 68:12
strangers 86:2
strategy 85:8
strauss 5:10 84:4
streamline 23:1 39:5
street 6:18 7:16
stress 72:25
strongly 43:19
struggling 86:17
studying 32:2
stuff 18:25 53:23
stutzman 45:23
stuzman 7:15
subject 10:20 11:23 14:8 15:1 46:13 47:3,9 51:25 70:15 73:8 77:4 96:7 98:15
submissions 16:25 42:19
submit 90:17
subsequent 49:1 83:19
subsequently 13:23
substance 23:22
substantial 82:21
substantive 24:5,20 28:6 53:20,24 55:23 56:17 57:2
subsumed 55:18 62:14
subtleties 62:10,11
successful 29:20,21 97:13
successor 19:17
suffered 32:10 40:6
sufficient 78:13
suggest 29:10 30:15 62:11 63:14 65:2 76:16 93:24
suggested 12:17 21:18 76:5 79:24 82:2
suggesting 93:25
suggestion 17:17 25:7 31:19 87:11 92:15,21
suggestions 26:23 26:23
suggests 62:14 71:9
suit 63:4
suite 6:19 7:3,17 8:18 104:21
suits 63:9
sullivan 1:15
sum 101:20
summarized 40:22
summons 80:13
superficially 76:16
supposed 52:19
sure 14:12 23:9,25 29:4 33:11,19 34:21 42:2 53:10 55:8,22 64:3 66:13 75:7,12 85:24 89:24 91:11 92:11 94:11 97:13
survive 25:21
suspect 101:12
switch 33:9 34:4,10 34:14 35:2,12,13,22 36:1 37:6 38:2 48:16 62:20 65:19 67:4 68:14 69:1 70:25 71:1,2,3,4,5,9 71:11,13,14 94:15
switches 11:3 34:1 36:7
system 42:10

t

t 104:1,1
table 9:3,25 10:4 15:16 17:7,11 23:10 27:16 29:22 39:11 39:12 48:19 57:2,3 58:22 62:2 67:1 87:18 96:23 97:17
tables 47:20
tailored 28:9,10 92:17

take 10:16 12:24 26:7 29:1 44:19 47:16 51:6 53:19 54:16 59:17 61:4,5 61:15 73:18 76:21 84:7 90:1 93:3 95:13 97:16 101:4,8
taken 14:11 31:6 32:2 36:1 37:4 39:10,12 48:24 86:23
takes 71:24
talk 12:14 23:10 38:3 88:19 101:17
talked 24:3 35:11 49:3 67:3 76:8
talking 11:20 12:9 28:7 36:9 49:21 67:7
tangentially 27:15
team 99:24
tee 65:7 66:6
teed 10:2 58:23 59:8 72:12
teeing 10:15 13:14
telephonic 8:21
tell 14:10 27:19 29:11,15 38:13 55:1 58:6,13 60:22 61:1 69:19,21 71:16 82:17 100:25 101:23
temporary 16:19 50:19 99:10
ten 9:17 33:7 44:17 45:2,3,5,8 101:1
tentative 16:4 17:2 17:20 18:17 19:11 19:13 20:4,21 24:7 25:1 26:15 28:25 30:16 31:1 42:17 46:9 49:3 54:23
tentatively 34:1
tentatives 10:18 14:4,6 21:8 23:18 25:7 42:12,20 44:14 46:6 47:22 52:9 54:17 95:23
term 12:17 47:3 71:21
terms 41:18 46:18 47:1 57:24 58:21 65:23 66:11 67:9 70:22
test 62:25
texas 4:16 34:9
thank 9:9 21:5,6 44:2,9,11 45:11,12 45:15 68:3 75:18,19 75:20 81:11,12 83:24,25 84:3 87:19 87:20 88:15,16 102:4,7,11
that's 65:14 66:8 68:7,21 71:20 72:4 76:7,11,17 77:6 79:1,6 80:2,10 87:15 89:8,10 93:17 99:25 102:4
theories 11:18 24:25
theory 27:1 92:25
there's 73:5 76:23 78:9 80:9,13 82:7 86:13,19,24 89:20 93:20
they'll 75:16
they're 72:17 91:13 94:7 100:8
thing 21:16 25:6 31:21 37:13 49:11 59:3 69:7 71:25 95:4,5 101:17
things 11:9 18:1 19:3 24:6,23 25:6 25:11 26:1,1 27:13 29:1,24 39:14 50:24 53:2 63:11 65:8 71:18 76:6 87:2
think 9:21 10:6 12:18,23 16:5,22 17:5,25 18:15 20:14 21:18 22:11,20 23:18,24 24:4,5 25:3,22,23 26:9 27:22 28:12,23,24 30:7,9 31:2 33:23 34:2 35:3,10 36:19 36:20 37:10 38:7,13 38:25 39:9,10 40:9 40:11,18,21,22 41:2 41:10 42:7,8,11,17 42:20,22,25 43:15 43:18,23 44:21 45:1 45:2,3,16,24 46:8 46:24 47:16,23 48:15,22,23 49:5 50:8 53:1,5 54:7,13 54:21 55:13,14 56:14,17,19 57:5,8 57:17,22 59:23 60:22 62:15,21 63:4 63:17 64:4,5,8 65:5 65:22 66:7,9,12 67:6 69:15 71:7 72:23 75:14 76:1,11 76:22,24 77:1,15 78:3,4,8,9,9,25 79:11,17 80:1,6,10 80:14,19,25 81:3 84:11 85:8,14 86:1 87:10,18 88:5,23 89:20 91:15 92:10 92:12,14,24 93:8 94:8,11,13,16,25 100:20,24 101:10 101:16,21
thinking 15:20 16:24 22:10,13 25:8 43:6 76:2 79:2
thinks 13:4,6 42:3 44:20 64:6
third 8:9 83:15 92:9
thomas 7:2
thorny 74:16
thought 19:6 22:6,8 24:9,10 30:1 39:2 41:7,12,14,16,24 42:4 43:13,18,19 44:4,18 53:13,21 56:9,21 57:1 66:9 77:18,20 89:11 94:4 96:1
thoughtful 95:25
thoughts 44:13 76:1
three 12:23 13:4 16:18 46:1 54:17 63:15 73:7,12 80:1 89:22 93:15 96:11 97:5
threshold 14:12,14 14:17,21 15:4 20:6 21:12,19 22:4 25:15 30:12,18 39:1,3 41:5 42:12 43:4,11 43:14,15 44:4 48:10 48:15,19 58:19 62:3 73:4,5 74:18 76:3 77:11 78:18 79:4 82:4,9,14,19 83:3 83:18 85:9,10 87:17 92:20,24 93:14,23 93:24 96:4 97:8,17 97:23 100:1,4,6,8
throw 21:24
tie 63:4
ties 23:18
tilting 62:17
time 13:21 15:5 16:17,21,24 17:13 18:7 19:23 20:22 22:18,21 28:23 29:9 30:2,10,17 33:10 35:13 37:25 38:4,21 38:24 44:14,24 45:16 48:7 50:18 51:6,7 54:9,22 61:20,22 63:20 65:20 66:6 72:1 73:18 75:3 76:21 77:5 78:3 79:11,18 81:14 85:25 86:3 88:22 92:7 95:11,25 96:2 97:18 98:21,22 99:11 101:3,23
timely 87:1
times 4:17 5:3 21:21 28:4 84:18,19 86:24

timing 42:19 47:1 47:18 49:1 53:2
today 9:22 10:5,6 19:25 23:23 45:20 48:22 60:22 62:4 75:12 77:25 78:9,11 78:17 80:7 82:6 88:13 89:12 95:11
today's 88:25 89:24
told 49:18 68:7,12 68:15,17,23 69:14 69:17,20 98:20
top 62:10,11
tort 12:25 49:11
totally 35:25
touch 73:15
touching 25:6
toyota 46:18
track 12:24
trade 23:1
traded 84:5,5
transcribed 2:25
transcriber 104:8 104:18
transcript 104:3,11
transferee 50:20 52:19,23 53:3,22 54:1 99:6
transferred 50:20
transpire 83:21
transpired 61:6
treasury 63:18
treat 74:23
treated 80:8
trial 60:15,17
tried 51:18 67:2 94:14
tries 31:22
tro 99:17,20
tropin 88:12,13
trouble 69:15
troubled 69:15
true 71:8 104:4
trust 4:2 5:11 19:15 19:16 20:4 31:1,8 31:10 73:16 74:6,8 74:25 81:20 82:3,4 84:5,10,13 85:13,18 85:19,21 86:5,20,21 87:5,14 93:5 96:7 98:3,4,4,7,8,11,14 98:15,20
trustee 6:16
try 18:8 23:14,25 24:25 25:13,15,19 27:8,9,13 28:10,14 30:11,23,24 31:16 31:24 41:23 42:15 84:23 101:19
trying 22:6 23:17 24:13,22 25:1 26:17 29:18 30:17 31:12 31:17 36:11 37:12 40:13 51:1 59:24 62:16 72:11 73:13 79:4,5 93:24 94:25
turn 10:23 42:22 62:8
turning 12:5
turns 39:4
twice 88:5
two 14:18 16:4 18:15 20:10 42:14 42:15 49:5,9,13 58:17 69:20 76:25 84:9 88:18 91:3 92:10 96:4,15
tx 7:18
type 22:23 38:8 59:7 88:7
typically 11:4 51:2 51:13

u

u 103:3
u.s. 2:1,11 6:16,17
u.s.c. 49:23
ultimate 50:13
ultimately 25:16 29:23 30:7 51:18 52:14 63:5 95:9
unanimity 49:6
unavailable 47:24
uncomfortable 86:12
undergo 61:3
underlying 61:25 69:9,22 99:3
underscore 12:16
understand 11:20 12:2 21:17 22:1 23:5,12 32:6 39:4 44:7 47:2,7 48:8 49:8,12,15 50:12,23 51:3 66:13 78:24 85:7,8 86:22 87:3 87:22 89:25 90:25 91:8
understanding 11:4 16:9,10 34:23 40:24 46:25 49:22 64:10 80:19 90:25
understands 10:6 16:11 37:8,22
understood 11:6,9 11:12 43:22 49:25 60:6,9
undertaken 11:12 22:14 59:8
underway 75:8
undoubtedly 91:13
unenforceable 67:24
unfortunate 62:3 86:24 87:2
unfortunately 59:18
unidentified 82:15
unit 84:5
united 1:1 6:15
units 5:11 74:12 98:4,8,15
universe 79:19
unkosha 52:6
unlimited 98:10
unnecessary 57:25
unpack 49:4
unsecured 19:16
unwilling 16:19 99:9
upcoming 9:24
urge 26:17 27:1 81:4
urging 31:12
use 12:16 44:23 45:2 60:23 62:24 69:18
usefully 45:1
usual 89:2 99:20
usually 21:24
utilize 46:3

v

v 1:21
vain 84:8
value 33:7,8,10,17 33:19 34:5,7,13 35:6 40:8
values 31:9
van 7:6
variant 17:25
varick 6:18
various 9:19 11:2 60:13
vehicle 32:21 36:25 36:25 37:5 52:7 72:13
vehicles 35:12 36:16 38:22,23 67:7
venture 55:3
venue 49:17 50:3,13
verbally 14:10
veritext 104:19
versus 21:13 26:19 28:24 35:10 41:11 42:18 70:23 71:19 73:15
victims 33:3 39:16 40:5 81:9 92:3,4,8
view 16:18 17:1 26:6 33:19 36:8 50:15 51:17 55:15 58:25 67:9 72:23 76:12 77:22 78:17 83:13
viewed 52:3 55:5
views 11:17 14:7,13 14:14 16:2 26:20 73:14

violate 52:13
violating 56:16
violation 76:23 77:11 93:16
violence 52:13
virtue 33:24 34:14 35:2,7 57:6
vis 11:19,19 16:15 16:15 22:14,14 52:21,22
voluntarily 11:7
voluntary 40:5

w

wait 41:9 62:21 77:2 95:18
waiting 95:22
waiver 68:20
walk 28:13
walked 89:12
walrath 18:20
want 9:12 10:23 13:2,9 17:14,22 18:7 20:22 22:8 23:24 27:5,10,11 29:14 40:9,11 44:23 45:7 46:5 51:9 57:3 57:7,11,12 58:4,11 60:22 61:10 63:22 65:3,21 66:5 67:20 69:7 72:25 79:8,10 79:21 86:10 89:6,24 91:25 92:23 93:1 94:2 95:8,13,18,25 96:2 99:23 101:19
wanted 16:10 18:24 18:24 20:1 33:5 41:13 42:1 43:16 69:24
wanting 25:2
wants 26:24 62:7
warranted 30:13
warranty 11:13 32:17 37:21 38:22 38:24
warren 8:1
washington 7:4
wasn't 75:25 77:8 94:11 95:2
wasteful 75:2
watch 91:7
waving 67:13
wax 56:16
way 11:3 14:9 16:12 17:9 18:6 27:20 30:2 32:25 39:6 41:15 43:18 44:22 49:20 60:21 61:18 62:16,25 63:16 64:7 64:8 66:8,10,12 68:10 69:17 75:3,4 83:14 85:21 94:23 96:22 101:12 102:6
ways 13:3
we've 58:2,10
wearing 63:1,4
week 28:21
weekend 101:4
weeks 17:3
weigh 20:7
weinberg 11:25
weinberg's 11:25
weintraub 4:21
weisfelner 5:6 9:11 10:13 12:13 13:21 18:1 20:25 21:3 39:8 43:2,5 44:10 44:11,23 45:3,7,11 45:15,17 49:24 50:4 50:8,21,23 51:21,22 52:2 53:1 54:13,15 56:6,8 57:5 58:16 59:10 60:16,18,20 61:1,14,17,18 64:3 65:12 67:18,25 68:3 69:13,20 70:22 78:22 80:4 82:25 85:8,14 87:23 88:2 88:5 89:5,13 91:12 92:9 93:8 94:12 95:1 96:9 99:12
weisfelner's 9:18 14:18 24:2 53:19
weisfelner's 87:11 88:20 89:7 96:5
went 54:14 68:13 71:3 94:12
west 8:17
we'd 70:8 72:7 81:5
we'll 92:12 101:19
we're 65:13 67:6 70:18 71:9 73:5 75:13 77:12 79:10 79:12,22 80:2,7 81:2,9 86:1 93:1,3 94:25 95:19,22 96:3 96:25 98:11 102:1 102:12
we've 66:9 76:8 90:18,20 93:14
whatever's 72:2
what's 66:22 78:4 96:21
whey 12:2
white 63:9
whittle 26:24
wholly 12:6
who's 88:13
william 4:21
willing 61:3 75:15
wilmington 98:4,7 98:14,19
wilson 63:21
win 15:11
wind 77:12 79:10 81:8
wiped 74:7
wiser 77:13
wolf 75:22
won't 65:21 69:5 72:1 87:11
word 12:16 51:15 63:25 76:17
words 56:3 66:23 69:18 77:6
wore 63:9
work 15:15,16 48:11 55:12 57:17 57:22 68:16,19,21 72:10 73:11 78:2 90:6 92:13
working 32:1 45:22 55:3 75:21 88:6,12
worried 40:8
worth 74:3
wrecks 11:9
writing 70:9
wrong 38:10 45:22 65:17
wrongful 11:7 12:6 60:8,10 66:25
wrongly 11:6 12:17
wrote 13:19 16:3 42:25

x

x 1:3,11,24 103:1

y

y 1:13
yeah 12:1 60:19
year 34:3 67:3
years 33:8 46:17 54:8 89:2
yesterday 47:25 88:21
york 1:2 2:3,3 3:5 3:20 4:4,17,19 5:4 5:13,20 6:11,20 7:11 8:3,11 26:8 47:25 50:14
you'll 97:13
you're 80:20 82:10 90:1 96:15,18 97:11
you've 73:14 84:17 91:13 95:11 101:23

z

ziehl 8:7
zone 101:24

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à 11:19 16:15 22:14 52:22

Exhibit 2

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 Case No. 09-50026-reg
4 - x
5 In the Matter of:
6 MOTORS LIQUIDATION COMPANY, et al.,
7 f/k/a General Motors Corp., et al.
8
9 Debtors.
10 - x
11
12
13 U.S. Bankruptcy Court
14 One Bowling Green
15 New York, New York 10004
16
17
18 February 17, 2015
19 9:02 AM
20
21 B E F O R E :
22 HON ROBERT E. GERBER
23 U.S. BANKRUPTCY JUDGE
24
25 ECRO: K. HARRIS

1 Hearing re: Oral Argument on Motion to Enforce.
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25 Transcribed by: Sonya Ledanski Hyde

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1 P R O C E E D I N G S
2 THE COURT: Good morning. Have seats, please.
3 Well, I know everybody who's likely to speak. So, let me
4 just get appearances of those who will be heard for the
5 transcript. And then I want you all to sit down, because
6 I'm going to have some preliminary comments.
7 MR. STEINBERG: Arthur Steinberg, from King &
8 Spalding, on behalf of New General Motors.
9 THE COURT: All right, Mr. Steinberg. Could
10 everybody hear me? I'm not sure if I have the same volume
11 in my mic that I normally do. Can you hear me, Mr. Flaxer?
12 MR. FLAXER: (indiscernible)
13 THE COURT: Okay. Thank you.
14 MR. WEISFELNER: Good morning, Judge. Edward
15 Weisfelner, Brown Rudnick, on behalf of the designated
16 counsel.
17 THE COURT: Thank you, Mr. Weisfelner.
18 MR. WEINTRAUB: So, good morning, your Honor.
19 William Weintraub with Goodwin Procter, also designated
20 counsel.
21 THE COURT: Right, Mr. Weintraub.
22 MS. RUBIN: Morning, your Honor. I'm Lisa Rubin
23 with Gibbs & Dunn on behalf of the GUC Trust.
24 THE COURT: Okay. She was kind of far from the
25 mic; that was Ms. Rubin introducing herself for the GUC

1 Trust. I got it this time, Ms. Rubin.
2 MS. NEWMAN: Good morning, your Honor. Deborah
3 Newman from Akin Gump on behalf of the participating note
4 holders.
5 THE COURT: All right, Ms. Newman.
6 MR. ESSERMAN: Good morning, your Honor. Sander
7 Esserman, Stutzman, Bromberg, Esserman & Plifka on behalf of
8 designated counsel.
9 THE COURT: All right. And I see Mr. Flaxer right
10 next to you, Mr. Esserman.
11 MR. FLAXER: Yes, your Honor, only to the extent
12 that we feel that it's necessary to speak for -- it could be
13 a minute or two would be it.
14 THE COURT: All right, very good. Thank you. All
15 right, folks. With one exception, I want you to make your
16 presentations as you see fit. But before you're done, I'd
17 like you to address a fair number of questions that had
18 occurred to me when I was reading the briefs. These
19 questions (indiscernible) one or another of you, or, in many
20 cases, both.
21 But first, the exception, mainly Mr. Weisfelner
22 and Mr. Weintraub: you folks spend many, many pages in your
23 briefs talking about the underlying failures of Old GM and
24 New GM to institute the necessary recalls on the cars and
25 the 24 or 25 people at Old GM who knew enough to justify

1 much, much larger recalls. I get it. But that's not what's
2 before me now.
3 I'm prepared to assume, for the purposes of this
4 controversy, unless Mr. Steinberg really wants to dispute
5 it, that there was enough to require a recall well before
6 June 2009, and that each of Old GM and New GM acted very
7 badly in connection with the delay. But I want to focus on
8 the legal issues. So, let's turn to them.
9 Starting with due process, Mr. Steinberg, one
10 would assume, I think, that a company's books and records,
11 if they're to determine whether a claim is known or unknown,
12 have to be much more broadly construed than in the financial
13 statement sense. And I take it that you're not arguing that
14 whether or not a creditor is known or unknown turns on
15 whether the company has booked the liability.
16 So, before you're done, I'd like you to tell me:
17 how would you articulate the standard? I wonder whether the
18 standard should be more than foreseeable but less than
19 probable. But I would like you to put forward your view as
20 to how I should construe that. It's debatable whether
21 potential liabilities associated with the ignition switches
22 were wholly (indiscernible) claims, even if Fritz Henderson
23 and Mary Barra didn't know about them.
24 But I take it you'll agree that Old GM knew enough
25 to send out recall notices back in 2009. Their people would

1 have known that there was something potentially wrong with
2 their cars. And those who weren't in wrecks could have
3 filed claims or objected, as they're doing now, at the time
4 of the 363 sale. If recall notices had been issued,
5 wouldn't the publication notice that was given then be more
6 justifiable?
7 Number two: by the same token, Mr. Weisfelner,
8 would you clarify your position on what notice should have
9 been given? I gather the parties have stipulated that there
10 were 70 million GM cars then on the road. I gather also
11 that there were approximately 27 million whose cars, we're
12 learning, later became the subject of pending recalls.
13 It'd be helpful if you would tell me how many of
14 those 27 million cars were then subject to announced recalls
15 and how many would have been subject to recalls if GM, which
16 was then Old GM, of course, had announced them as it should
17 have. Seemingly, the number would be very, very large.
18 Now, again, Mr. Weisfelner, is it your argument
19 that mailings should have gone out to each owner, each of
20 those 70 million, in the period between the June 1st, 2009,
21 filing of the bankruptcy and the June 30, 2009, date for the
22 start of the sale lien? Or, for that matter, the June 19
23 date, which was the deadline for objections in the 363 sale?
24 Or are you saying it should have gone out by mail only to
25 cars with the poorly designed ignition switches?

1 Both sides: what information do I have in the
2 record on how much it would cost to send out mailing notices
3 to all 70 million of the GM cars on the road at the time, or
4 even 27 million cars? And what information do I have in the
5 record on how much time it would take to send out 27 or 70
6 million notices?
7 Mr. Weisfelner, I made a factual finding back at
8 the hearing on the same issue, that the continued
9 availability of the financing Old GM was using to survive at
10 the time was conditioned on approval of the 363 sale motion
11 by July 10. And I also rejected an argument that was made
12 by bondholders at the time that the government's July 10
13 deadline was just posturing and that I should have argued --
14 I should have found back then, or assumed back then, that
15 the U.S. government cared so much about GM's survival that
16 the U.S. government would never let GM die.
17 Well, that seems to have a lot of similarities to
18 (indiscernible) you make now. On that, I know your clients
19 weren't present back then to argue to the contrary, but to
20 challenge -- or to challenge those findings. But others
21 did. Are you challenging those findings now? Do you think
22 there are some facts now to suggest that I should now find
23 that the government was posturing, while you'd rejected that
24 contention back in 2009?
25 I don't know if I'm going to hear from the GUC

1 Trust in the first phase of the arguments. But, at some
2 point, Ms. Rubin, when you do get the chance to be heard,
3 which you will sooner or later, I'd like you to help me with
4 this: the cost of administration of the Chapter 11 case,
5 which would at least seemingly include the cost of mailing,
6 would come directly out of the pockets of your folks, the
7 unsecured creditor constituency.
8 How do you think a judge should decide what's
9 reasonable in sending out notice of a 363 sale to a universe
10 of potential creditors when it comes out of the pockets of
11 those who you know are creditors for absolutely, positively
12 sure, like your bondholders, like your vendors in the supply
13 chain, and victims of car wrecks, people who were actually
14 in accidents who got injured or killed when cars didn't
15 perform the way they were supposed to?
16 Back to you, Mr. Weisfelner: what would the
17 notice have said, if GM were to do it right, and you say
18 that GM didn't do it right? As I think it was Judge
19 Bernstein said in Chrysler -- I think by then it had been
20 named New Car Co., or maybe Old Car Co., "Things can go
21 wrong with cars all the time. And, while design defects
22 that can cause a loss in cars' value don't happen all the
23 time, or all that often, I don't know if anybody could
24 really say they're infrequent." So, what do you think would
25 have been reasonable under the circumstances?

1 Both sides: is it appropriate to be making
2 distinctions, when we're talking about honoring claims --
3 and I'm offering you a view now as to whether there are --
4 these are unknown claims as a (indiscernible) or not --
5 between liquidating 11s and 11s where there is a surviving
6 entity, we all know that there's no discharge in a
7 liquidating 11. There is, of course, a discharge in the 11
8 where a company survives.
9 A lot, and maybe most, of the case law
10 (indiscernible) you rely on is in the context of expunging
11 claims, either because they're late or because they've been
12 discharged. But it's a lot easier to say that a claim isn't
13 discharged when we have a debtor that's surviving and you
14 can still go after that debtor by ignoring or blowing away
15 the order that protected the debtor upon the confirmation of
16 the case or otherwise.
17 Both sides: shouldn't we focus on the
18 distinctions between the notice that's appropriate in a 363
19 sale on the one hand and the notice that's required to give
20 parties a chance to file claims on the other? Or, to the
21 extent that it's different, the notice that needs to be
22 given before a judge discharges a creditor's claim? And
23 isn't it necessary or appropriate to take into account the
24 time exigencies inherent in many, perhaps most, 363 sales,
25 especially those, like most of them, where the debtor only

1 has the cash to survive for only days or weeks?
2 If reasonableness depends on the facts and
3 circumstances, as the Supreme Court said in (indiscernible),
4 wouldn't it be appropriate to take into account that, in the
5 363 context, you have to hold a hearing on a sale in four
6 weeks, because you're bleeding so badly that you can't
7 survive any longer?
8 Mr. Steinberg: you point out that New GM didn't
9 yet exist when notice was given, and that it was Old GM that
10 was responsible for the failure to give the creditor
11 community a notice. But does that matter? Or should a
12 judge simply focus on whether or not the creditor was given
13 appropriate notice, no matter who's responsible for it or
14 for the failure to provide it, and then the extent to which
15 the outcome would have been different if appropriate notice
16 had been given?
17 Both Mr. Steinberg and Ms. Rubin, back to you. I
18 haven't forgotten about you, Ms. Rubin. Let's assume that I
19 agree with Mr. Steinberg that it wasn't practical to send
20 out mailed notice to the 70 million or even 27 million car
21 owners for the 19 days that they'd have to object to the 363
22 sale. But isn't it inexcusable for Old GM to have denied
23 people whose cars were subject to recalls notice of the bar
24 date for filing claims?
25 And even if Old GM thereto -- that is, in the bar

1 date context as in the 363 context -- wasn't going to give
2 the 70 million or 27 million people mailed notice, I have
3 some trouble seeing how they could have responded to the bar
4 date notice and filed claims when Old GM still hadn't sent
5 out the recall notices as of the bar date, when at least
6 seemingly, if not apparently, there wasn't the same degree
7 of urgency.
8 Now, both sides -- and here I mean Mr. Weisfelner
9 and Mr. Steinberg -- on remedy, assuming I find violations
10 of due process, I have problems with aspects of each of your
11 positions. Mr. Weisfelner, let's turn first to what you're
12 asking for. I gather -- and I think you said it expressly -
13 - that you're not asking me to vacate the entire sale order.
14 In fact, I gather that you aren't even asking me to vacate
15 it, even in part.
16 It seems to me that you're saying, "Fine, enforce
17 it against everyone else. Just don't enforce it against me,
18 or me and my guys." Is that an unfair characterization of
19 your position?
20 Both sides: finding a due process violation may
21 not by itself require a showing of prejudice. But isn't the
22 prejudice critical to determining whether there's a remedy
23 for it? I'm inclined to agree with Mr. Weisfelner that
24 finding a due process violation does not by itself turn on
25 prejudice, but it seems to me that the remedy for it

1 necessarily must. The issue, it seems to me, is: what
2 should a Court do about the situation when it finds that
3 there's been a violation of due process?
4 And here, I'm going to ask you guys to address
5 when the standards are the same when you have a bipolar
6 dispute, or a modestly polar dispute, which is typical in a
7 (indiscernible) litigation, and when you have a case where
8 hundreds, thousands, or millions of creditors are affected
9 by an order, and a very small subset of the universe of
10 people who were affected by the order want that order blown
11 away or ignored.
12 Mr. Weisfelner, you said in your brief that due
13 process involves the right to be heard, not the right to
14 win. And because you were denied the right to be heard, it
15 seems to me that you're saying you (indiscernible) the right
16 to win. Let's go with that for a minute.
17 If you (indiscernible) the right to be heard,
18 wouldn't the appropriate remedy be a do-over, to give you a
19 chance to make the arguments that you didn't get to make the
20 first time, and then to look at the matter ab initio to see
21 whether the result should be the same or should be
22 different? Because it seems to me that what you're asking
23 for, assuming that you're (indiscernible) due process and
24 you've heard my questions that suggest that -- and I have
25 concerns as to whether you guys were denied due process --

1 you're asking to simply win.

2 Is it speculation or is it totally obvious for me

3 to say now that I wouldn't have denied permission for GM to

4 survive and to conduct its 363 sale so that one group of

5 litigants could get a leg up over another group of

6 litigants? Or I guess I should say one group of creditors

7 should -- could get a leg up on other creditors.

8 And why in the world would I decide the

9 successive liability issue differently today than I did

10 after talking about it for five or 10 or 15 pages in my

11 first opinion, when I considered the arguments made by

12 people like Mr. Jack (indiscernible), who argued the exact

13 same things that you're arguing now after they had

14 (indiscernible) given the appropriate notice?

15 So, what I need you to do, Mr. Weisfelner, is tell

16 me that, if you had been given notice and an opportunity to

17 be heard back in 2009, how would things be different? Are

18 you arguing to me that I would have denied permission for

19 the sale, or that I would have granted a free-and-clear

20 order generally but I would have denied it for your favored

21 group?

22 Or do I properly read from your brief that you

23 would have wanted me to give the sale some kind of

24 conditional approval for your benefit, saying I'd approve it

25 if, but only if, New GM were required to assume your claims?

1 And then, if that's your position, would you please tell me
2 whether there would be some reason for me to grant that
3 protection for people who were claiming that their cars were
4 worthless or that they were inconvenienced, when I denied
5 that relief for people who were injured or killed in actual
6 wrecks?
7 Also, Mr. Weisfelner, let's talk about the exact
8 context of 363 sales, and recognize, as I think we need to,
9 that 363 sales are an extraordinarily important part of the
10 bankruptcy (indiscernible), not just in this case but
11 winning in the other 11s, and that whatever I do, for better
12 or worse, is likely to have precedential effect.
13 How can a judge force a buyer of assets in a 363
14 sale to assume liabilities that it doesn't want to assume?
15 Isn't the only real remedy to deny authority for the sale
16 totally, or to say, were I the judge back in 2009, that,
17 "Yeah, the sale can take place, but I, the judge, won't
18 grant a free-and-clear order at all"?
19 And, if that is the choice that's provided to the
20 judge, how helpful is that to the remainder of the creditor
21 community, the thousands of people that Ms. Rubin
22 represents? And do we want to impose a principle of law
23 that requires judges to frag everyone else with the same
24 grenade?
25 Mr. Steinberg, despite the reservations that I

1 just had expressed, I have some in your direction as well.
2 Before I read the briefs and the underlying cases, I'd
3 started with (indiscernible) stint in bankruptcy, orders and
4 agreements rise and fall as a whole, and that you can't
5 enforce them in part and disregard them in part, or cherry-
6 pick the parts that you like and those that you don't, or,
7 as here, say they're enforceable against most of the world
8 but not against this or that favored class.
9 But your opponents have cited five cases that seem
10 to do exactly that. Three, while they come out of lower
11 courts, one Bankruptcy, two District, involve 363 sales.
12 The other two don't involve 363 sales, but they come from
13 the Second Circuit. And, while one of the Second Circuit
14 cases is only a summary order, which therefore isn't a
15 binding precedent, it's still a Circuit -- Second Circuit
16 opinion. And, frankly, I don't like to disregard anything
17 that comes out of the Second Circuit, that the Second
18 Circuit tells me.
19 So, Mr. Steinberg, I need you to talk about
20 Metzger, the 2006 decision by Arthur Weissbrodt, a
21 bankruptcy judge in San Jose; (indiscernible), the 2007
22 decision by District Judge Mary Cooper in Trenton; and
23 (indiscernible), the 2009 decision by Senior District Judge
24 John Grady in Chicago.
25 And I need you to talk about the Circuit's 2010

1 decision in Johns Manville, Travelers v. Chubb, which I
2 think is sometimes referred to -- I believe this is Manville
3 4; and its 2014 decision in Koepp, K-O-E-P-P, the summary
4 order from a panel that included Judge -- Chief Judge
5 Katzmann and Judges Livingston and Hall.
6 Finally, while it may be trumped by the holdings
7 of those five cases that I talked about, I still need some
8 help on whether I should be looking at this in
9 (indiscernible) of 9024 and 60(b) terms, or whether I should
10 just bypass what those rules say and get to the "You're
11 excused from the order or not" kind of (indiscernible) those
12 other decisions did.
13 But I still want both sides to address whether a
14 judge has to look at it in traditional 60(b) terms and
15 either knock it out or live with it, or the third option,
16 which may or may not be permissible under 60(b) doctrine, of
17 living with it in part and validating it in part.
18 Mr. Weisfelner, you can help me by confirming, if
19 it's true, that you're saying I shouldn't be thinking about
20 invalidating the (indiscernible) or validating the rule but
21 simply refusing to enforce it. But, if that is in fact your
22 position, then help me understand how I can be deciding this
23 without regard to a (indiscernible) bankruptcy procedure in
24 lieu of federal civil procedure. And that would at least
25 seemingly be telling me how I'm supposed to do my job.

1 Finally, folks, in many ways this is the most
2 important of all the things that I want you to talk about,
3 because I think it's the closest question, in an environment
4 where there are already a bunch of close questions. If we
5 had a do-over, and it's my instinct that, when somebody is
6 denied due process, he or she is entitled to a do-over, the
7 result of part of what you guys are arguing would be pretty
8 clear. But part would be highly debatable. And, in each of
9 those two sides, or prongs, one side would have the stronger
10 side and one would have the weaker.
11 If we had a do-over, I think it's quite clear that
12 I'd still grant a free-and-clear order, especially since I
13 heard the same arguments before and I rejected them. And I
14 gave them a lot of thought before I did. But if we had a
15 do-over, I'd likely have to consider whether a free-and-
16 clear order in the form that I just issued it was over-
17 broad. And, in this respect, the economic loss plaintiffs,
18 though not Mr. Weintraub's guys, would have the upper hand.
19 This order, as I read it, not only blocks
20 successor liability, but also blocks claims based on wholly
21 post-sale events that involved Old GM or Old GM parts. This
22 is one of the issues, if not the issue, that bothers me the
23 most. And the issue is whether what I should have done, or
24 would have done if the argument had been made to me then,
25 was to add a new order that was narrower and said that

1 people couldn't sue based on anything Old GM had done, but
2 they could sue if it was based on what New GM had done, so
3 long as Old -- as New GM wasn't blamed for Old GM's acts.
4 And if, as I'm inclined to rule, I find that, if
5 there was a due process violation, the economic loss
6 plaintiffs would be entitled to a do-over, and if I also
7 concluded, as I'm inclined to do, that, if they got a do-
8 over on successor liability, the result would be the same,
9 the issue or the conclusion I'd reach would have been
10 different, given New GM protection for events that it did
11 that were not premised on anything old GM had done. And I
12 need both sides to address that scenario.
13 I have only one real question in (indiscernible),
14 so, even though we may not get to it this afternoon, I'm
15 going to get it out anyway. Mr. Weisfelner, is there a
16 reason that you didn't ask me to stay further distributions
17 to Ms. Rubin's guys, the Old GM creditors, until the issues
18 before me now were sorted out? Am I right in assuming,
19 since you're a pretty competent lawyer, that you didn't
20 overlook that possibility?
21 And can I properly assume that you did it for
22 tactical reasons, because you'd rather get $100 in a
23 recovery against New GM, as contrasted to the $0.25 or so
24 that you'd get on the dollar if you had to go against Old GM
25 (indiscernible)?

1 Now, with all of that, let's get to work. And
2 (indiscernible) we hear first from you, Mr. Steinberg?
3 MR. STEINBERG: Yes, your Honor.
4 THE COURT: Come up to the main lectern, please.
5 MR. STEINBERG: Your Honor, good morning. I'm
6 Arthur Steinberg, for the record. I'm here with my
7 colleague, Scott Davidson, and my co-counsel from Kirkland &
8 Ellis, Richard Godfrey and Andrew Bloomer. I want to thank
9 your Honor first of all for accommodating all the lawyers
10 for the rescheduling of this conference.
11 And I'm sure, like my other counsel who will be
12 addressing you today, they're all -- they have a lot of
13 thoughts swirling in their mind as they try to address the
14 multitude of questions that your Honor just went through.
15 But I think I will be able to do it, and I will do it in the
16 order where it was presented itself in the outline.
17 About a year ago, New GM announced a recall with
18 respect to ignition switches in Old GM vehicles. And
19 shortly thereafter, that started a wave of lawsuits that
20 were commenced against New General Motors, seeking purported
21 economic losses regarding vehicles that were subject to the
22 recall.
23 In the early complaints that were filed, which
24 sought primarily monetary compensation for the alleged
25 decrease in value of the vehicles based on the ignition

1 switch that was being repaired, these complaints referred to
2 Old GM and New GM interchangeably. They used the words
3 "successor liability," and they pled causes of action which,
4 under the sale agreement, were specifically identified as
5 retained liabilities.
6 And once we filed a motion to enforce, the later
7 filed complaints tried to sidestep the sale order by, among
8 other things, avoiding phrases such as "successor
9 liability." But even these more carefully crafted
10 complaints could not alter the underlying act that their
11 claims related to Old GM vehicles and parts sold and old GM
12 conduct. And their pled causes of action were the same
13 retained liabilities of Old GM.
14 And during the summer of 2014, there were other
15 recalls that New GM announced that were unrelated to the
16 ignition switch recall, and that led to additional economic
17 loss complaints being filed against New General Motors,
18 which caused New GM to file a separate motion to enforce for
19 these actions.
20 And eventually, most of these causes of actions
21 relating to economic loss, and even the accident cases, were
22 consolidated before in an MDL before Judge Furman. And lead
23 counsel was selected in the MDL, and they filed two
24 complaints, which were intended to subsume the economic loss
25 complaints that had been filed against New General Motors.

1 And the parties referred to that as the presale consolidated
2 complaint and the post-sale consolidated complaint.
3 And while these events were taking place, certain
4 presale accident plaintiffs also brought lawsuits against
5 New GM. And New GM retained Ken Feinberg to develop a
6 program to compensate, on a voluntary basis, both the
7 presale and the post-sale action and plaintiffs who had the
8 recalled ignition switch in their vehicle and had met the
9 eligibility criteria of the Feinberg program.
10 And, for those who could not or chose not to
11 participate in the Feinberg program, New GM believed that
12 the actions violated the sale order, since claims based on
13 presale accidents were retained liabilities under Section
14 2.3(b)9 of the sale agreement. So, a separate motion to
15 enforce was brought to bar those claims as well.
16 And, in response to these motions to enforce, your
17 Honor held periodic status conferences where the plaintiffs
18 raised, among other thing, the Rule 60 due -- 60(b) due
19 process issues relating to the notice of the sale motion.
20 Then, in an effort to efficiently try to resolve
21 these issues, the parties, at the Court's urgings, agreed to
22 factual stipulations. And then they identified certain
23 threshold issues that the Court might summarily decide. And
24 substantially all of the plaintiffs entered into stay
25 stipulations so that your Honor could decide those threshold

1 issues.

2 And so, in the first phase of the oral argument,

3 I'll deal with the three threshold issues that we've

4 identified, which are the due process issues, the remedies

5 issue, and the Old GM claim threshold issue. And then the

6 other threshold issue that had been identified, the

7 equitable mootness issue, will be discussed at a later point

8 this afternoon.

9 Now, the central event that underlies all of these

10 motions to enforce is the 2009 purchase by New General

11 Motors of substantially all the assets of Old General Motors

12 in a bankruptcy-approved 363 sale. And the sale was

13 structured so that New GM, at the time a U.S. government-

14 sponsored entity, would not be liable for most of Old GM's

15 liabilities, except for specifically defined assumed

16 liabilities.

17 Importantly, the liabilities that are the subject

18 of the motions to enforce are not assumed liabilities.

19 They're all retained liabilities of Old General Motors. The

20 three -- and the assumed liabilities are the glove box

21 warranty, the lemon law claim, and the post-sale accident

22 (indiscernible) claims.

23 THE COURT: Pause, please, Mr. Steinberg, because

24 I'll let you talk about that if you want. But maybe I

25 should have said this more explicitly: I'm quite

1 comfortable with the fact that all or substantially all of
2 the claims that had been brought against New GM were not
3 assumed liabilities and are blocked or proscribed by the
4 sale order.
5 But it seems to me that your opponent's position
6 is more like what we called in Freshman Civil Procedure
7 "confession and avoidance." They say, "Yeah, we know that
8 they're blocked by the sale order. But you should be
9 ignoring the sale order."
10 So, if you want to -- I also think this is largely
11 relevant to the third of the threshold issues, because I
12 think -- I'll hear from Mr. Weisfelner if he feels
13 differently -- they've conceded that they're covered by the
14 civil letter, but they say I shouldn't be enforcing it. So,
15 if you want to keep talking about what the sale order and
16 the underlying sale agreements say, go ahead and do that.
17 But I think we're probably beyond that at this point.
18 MR. STEINBERG: Appreciate that, your Honor. And
19 I agree that we are beyond it. I just wanted to make the
20 general point that we are now talking about what is defined
21 as the assumed liabilities under the sale agreement. I
22 recognize that they have an issue with what we call the used
23 car purchases, which are in their post-sale consolidated
24 complaint. And I'll talk about that when I talk about the
25 Old GM claim threshold issue.

1 And, as your Honor had said, and obviously that
2 you know, the 363 sale was approved after extensive notice
3 was given, pursuant to the Court-approved procedures. A
4 multitude of objections were filed based on the sale notice
5 given and the widespread media coverage that related to the
6 sale. And then your Honor conducted a three-day trial. And
7 the Court then rendered a very extensive sale decision and a
8 lengthy and fully-vetted sale order.
9 Now, your -- as one of your questions that your
10 Honor answered, which was, "How do you sort of calculate the
11 direct mail notice given? Where is the thing in the record
12 that says that?" the Garden City Company filed a fee
13 application -- a retention application. The retention
14 application actually described what it would cost for each
15 mail notice that it would send out, the cost of the
16 assembling of the package and the cost of the postage.
17 So, when we extrapolated as to what the cost was
18 for sending out four million notices by direct mail, which
19 we said was $3 million, we then extrapolated, using the same
20 formula in the Garden City Company application, and said
21 that, if you had to send out direct mail notice for 70
22 million people, it would cost $43 million. So, that's the
23 point in the record that talks about that.
24 In the sale order, among other things, New GM was
25 --

1 THE COURT: Pause, please. Is that 43 million
2 bucks for all GM car owners? Or is that for the lower --
3 somewhat lower number subject to the ignition switches, the
4 27 million or thereabouts?
5 MR. STEINBERG: The $43 million number is
6 predicated off of 70 million domestic cars in the United
7 States.
8 In the sale order, your Honor found that New GM
9 was a good-faith purchaser for value, and it would not have
10 any successor liability for Old GM's debt. And,
11 importantly, the no-successor-liability finding that your
12 Honor gave reserved condition for the sale going forward,
13 that New General Motors would not have gone forward without
14 the successor liability finding. And that's in, I think,
15 paragraph DD of the -- of sale order.
16 The primary purpose of the 363 sale hearing -- and
17 I think a lot of your Honor's questions were directed at
18 this -- it was not to quantify the amount of the retained
19 liabilities. It was to determine what was the highest and
20 best bid for the assets.
21 That issue, the allocation of the sale proceeds
22 and the quantification of the liabilities, were for later
23 phases of the bankruptcy case: the filing of the schedules,
24 the setting of the bar date, the filing of a disclosure
25 statement, the filing of a plan. All of those actions were

1 post-sale. They were done by Old General Motors. And they
2 had nothing to do with New General Motors and they had
3 nothing to do with the Section 363 sale.
4 The -- and I think that that's significant because
5 so much of the briefing that was done in this case by my
6 opponents is directed on the fact -- and the cases that they
7 rely on are bar date cases, where you have the
8 extinguishment of a claim if you don't timely file it. And
9 therefore, a lot of the cases there talk about sort of the
10 "all or nothing" proposition.
11 Also, the person who is giving the bar date notice
12 is the person suffering the consequences if they didn't give
13 the notice properly, so that, if the Old GM estate should
14 have given a broader notice than they did, then someone who
15 comes in and says, "I should have gotten broader notice, and
16 therefore I should be able to participate in the estate,"
17 well, the person who created the problem by not giving the
18 proper notice is the person who has to incur the remedy.
19 That's a totally different situation than a Section 363
20 transaction, especially because you're dealing with the
21 third party here, the third party being the good faith
22 purchaser for value.
23 And, in the Edwards case, which we cite in our
24 papers, it is --
25 THE COURT: That's the Posner opinion, then, of

1 the Second Circuit?

2 MR. STEINBERG: That's correct. The -- and I know

3 it engendered some criticism on certain facts from my

4 opponents as they try to distinguish it. But the central

5 issue there that I think is critical for your Honor to

6 consider, and underlies some of your questions that you

7 asked, was that they said that due process issues need to

8 dovetail with the concepts of a bona fide purchaser for

9 value, that there are times when there could have been a due

10 process issue that was involved. But when you're dealing

11 with a bona fide purchaser for value, the question is

12 whether that remedy should be asserted against that party.

13 And the same issue is involved when Courts look at

14 Rule 60(b) and upsetting a sale order by virtue of the fact

15 that there wasn't due process given. The test that they

16 offer is a three-prong test: exceptional circumstances that

17 the party has to show; timeliness, timeliness of the

18 application; and undue prejudice to -- whether there was

19 undue prejudice to the -- any party. If there was an undue

20 prejudice to a party, then you would not be able to get Rule

21 60(b) relief. That is an essential element to be able to

22 try to get it in order to establish a basis to vacate an

23 order on due process.

24 And when you're dealing with a sale agreement, and

25 the party -- one of the parties is a bona fide purchaser for

1 value who would not have closed the transaction without a
2 finding that there was no successor liability, you can't
3 vacate that order. You can't partially revoke the order;
4 you can't ignore the order without ignore -- without
5 finding, at the same time, that there was an undue prejudice
6 to the party, an undue prejudice to be exposed to
7 potentially what they've asserted to be billions of dollars
8 of claims.
9 So, all of that ties in together as to why a 363
10 order is much different than a bar date circumstance. And
11 I'll get to dealing with the cases that your Honor asked for
12 me to comment about relating to sale agreements, because
13 there the situation was that the sale agreement itself was
14 either overly broad because the debtor could not have sold
15 the asset or didn't provide for selling of the asset, and
16 that's why the Court was carving out the sale remedy. It
17 wasn't because of a due process concern where they're trying
18 to allow one person to avoid what was a foundational element
19 of the sale order itself.
20 So, when your Honor had your finding and dealt
21 with the sale order issues, you were looking at things that
22 related to whether this was -- whether the assets should
23 have been sold and whether this was the best price under the
24 circumstances.
25 And your Honor's questions were exactly correct

1 about the differences between a sale agreement and a claims
2 bar order position, in that, when you're moving for a 363
3 sale, many times you're dealing with a melting ice cube
4 situation. You're dealing with a circumstance where the
5 assets are eroding. Delays are potentially destroying
6 value. And, in this particular case, your Honor had to deal
7 with deadlines that had been set by the purchaser, New
8 General Motors, as to when the sale order had to be issued.
9 And, if the sale order wasn't issued --
10 THE COURT: But back at that time, were we really
11 talking about the order to enforce?
12 MR. STEINBERG: That was correct, your Honor.
13 THE COURT: And Auto Task Force, at some point
14 before the closing, caused New GM to be formed, if I'm not
15 mistaken.
16 MR. STEINBERG: That's correct, your Honor.
17 THE COURT: Yeah.
18 MR. STEINBERG: This is the -- when we talk about
19 New General Motors at the time you're dealing with the sale,
20 we're dealing with the -- essentially the Auto Task Force,
21 the people from the U.S. Treasury. Those were the people
22 making those type of decisions. Those were the people who
23 testified before your Honor at the sale hearing.
24 Those were the people who said, when asked at the
25 sale hearing, "Why don't you just do assume the presale

1 accident claims; they're not that much; it won't destroy the
2 enterprise if you do that," and they drew their line in the
3 sand. They said, "I'm only going to take what's
4 commercially necessary. I'm not taking this." And that was
5 it. That was it. That was the choice that your Honor had
6 to make: either accept this deal based on how the purchaser
7 had formulated it, or reject the deal.
8 And your Honor recognized that in the sale
9 decision, when you said that it was for the purchaser to
10 decide which of the prepetition liabilities it was prepared
11 to assume. It was their business judgment of what they
12 wanted to do or not do. And you would either accept the
13 deal or not accept the deal. But you couldn't tell the
14 purchaser, "You have to take these liabilities in addition."
15 So, with regard to the presale accident claims,
16 they actually tried to show at the sale hearing that they
17 weren't that much. They went through Aon report to try to
18 show that, if you back out the post-sale accident claims
19 that are part of the reserves, then it may be not that much.
20 And I think Mr. Miller, on behalf of Old GM, when
21 he was the proponent, started to say, "A little here, a
22 little here, a little here, a little here, and all of a
23 sudden you have a purchaser saddled with the same type of
24 issues that Old GM had and that the government wasn't
25 prepared to, in effect, start an enterprise with those --

1 that kind of burden."
2 So, you have a situation when you have a bar date
3 where you have a melting ice cube. You clearly have more
4 time to deal with the claim issue. And you have the
5 additional circumstances that, if the person who is moving
6 for the bar date blew it, then that's the party who should
7 suffer the consequences. It's different than when you have
8 a 363 sale.
9 And I will talk shortly about why that I don't
10 think there was a due process violation at all --
11 THE COURT: Pause, please. That's the second time
12 you can say that. But can you understand, from a judge's
13 point of view, that he or she, if somebody blew it, as you
14 put it, cares more about that which is necessary to fix the
15 problem than who was responsible for the problem in the
16 first place?
17 MR. STEINBERG: I understand that, your Honor.
18 But if I was to -- if you had taken my comments to say that
19 I thought that they blew it, I don't think that they did
20 blow it. I think that the publication notice was
21 appropriate.
22 THE COURT: Of the bar date as well?
23 MR. STEINBERG: Yes, your Honor. But that's not
24 my fight. That's someone else's fight. I do think that
25 that was the situation. And I think that's consistent with

1 the case law. And I'll talk about that.

2 But I do think that the issue of who is impacted

3 on the remedy is relevant if there's a due process

4 violation. And your Honor has the Edwards situation that

5 they talked abut, which is that -- assume for the moment

6 that you had two innocents here, you had the person who

7 should have gotten notice who didn't get notice, and you

8 have the bona fide purchaser for value who actually closed

9 the transaction predicated on the facts that your Honor

10 approved.

11 In the battle between a bona fide purchaser and

12 that person who claims not to have had -- gotten proper

13 notice, the Edwards case said that you side on behalf of the

14 bona fide purchaser. That is the person who wins. And then

15 you're circumscribed as to what the remedy might be, but the

16 remedy will be based on that circumstance, because of the

17 bankruptcy policy objectives of a 363 sale of achieving

18 finality, of achieving certainty, and achieving the best

19 price for the estate. And those items don't override due

20 process, but they help shape due process.

21 And those objectives, those things that you're

22 talking about now, about those bankruptcy policy objectives,

23 they're actually the elements of Rule 60(b) test, and

24 they're actually the elements of the 363(m) test. In a

25 Section 363(m) test, they say that, if you're dealing with a

1 good faith purchaser for value, and there's no stay of the
2 sale order, then the purchaser takes free of that
3 circumstance. And you --
4 THE COURT: Pause, please, here, Mr. Steinberg,
5 because, on this one, I wonder whether you're on weaker
6 ground. Mr. Weisfelner, in his brief -- maybe other people
7 said it too -- said 363(m) applies to appeals. We live in
8 an environment where the Supreme Court believes sometimes,
9 or in the view of some, even to an extreme -- you know, we
10 live in a world of plain meaning and textual analysis. Do I
11 have the right to apply 363(m) to a situation other than an
12 appeal?
13 MR. STEINBERG: No. No, but I don't think you --
14 I think the point that I was trying to make is that the
15 policy objectives of Section 363(m), what they're trying to
16 accomplish, the policy objectives of the Rule 60(b) test,
17 about an undue prejudice to a third party, they're all
18 relevant of those policy objectives as to how your Honor
19 should approach the problem.
20 All I was trying to do was saying that the
21 rationale for 363(m) is consistent with what I'm saying
22 before, not that you should be applying a 363(m) test. The
23 rationale of 363(m) is the bona fide purchaser concept,
24 which I that, if you close the transaction and you were a
25 good faith purchaser, and you were not otherwise stayed,

1 then you take, free and clear, whatever comes up after that.
2 You're protected.
3 Rule 60(b), on the -- vacating a Rule 60(b) order
4 on due process grounds has the same thing. It's done not in
5 the language of 363(m). It's done in the context of that
6 third prong, undue prejudice to a third party. When you
7 have an undue prejudice to a third party, by taking away the
8 asset after you've just paid for the asset, or undermining
9 the fundamental aspect of the deal, the Court is saying you
10 can't do that. You should be able to address due process
11 grounds, but there are constraints of what you should be
12 able to do and not be able to do.
13 And that takes me back to the Edwards case, which
14 is where Judge Posner was actually saying the same thing
15 again in different words, which is that, when dealing with a
16 sale and dealing with the fact that you have someone raising
17 issues, when you have a bona fide purchaser, the bona fide
18 purchasers are, in effect -- are the thing that you need to
19 focus on. And they actually win in a battle of that type of
20 dispute because of those bankruptcy policy objectives.
21 The Court -- all of these issues are sort of tied
22 together on the same concept, which is that a 363 sale has
23 certain fundamental objectives, and that, once a sale closes
24 to a good faith purchaser, then we're going to protect the
25 purchaser. And whether you do it under 363(m), whether

1 you're doing it under 60(b), whether you're doing it just as
2 straight as Judge Posner had done it in the Edwards case,
3 it's the same concept.
4 And I think that affects the remedies issue and it
5 actually affects whether there was a due process violation.
6 And I do want to talk a little about why I believe that
7 there was no due process violation, not because of the
8 notice circumstance, but because I don't think that there
9 was a property right that was extinguished by the sale. And
10 there's five reasons why that's the case.
11 The first one is endemic to a 363 sale. 363 sales
12 do not, in most cases, extinguish rights. They say, "I'm
13 selling, free and clear, liens, encumbrances, and interest,"
14 which the case law includes claims, and say that it attaches
15 to the proceeds of sale. So, there's no extinguishment of a
16 claim.
17 Now, there are cases where there actually is an
18 extinguished, where, if I'm selling it free and clear of a
19 covenant that runs with the land, then there's not a great
20 remedy that you can have by saying you should attach to the
21 proceeds of sale. And that's some of the cases that the
22 designated counsel cites in their papers.
23 But when the lawsuit is monetary damages, which is
24 what their lawsuits are, then, whatever their claims are, it
25 attaches to the proceeds of sale. There is no

1 extinguishment. It's another fundamental reason why this is
2 different than the bar date, because of that.
3 So, the first thing you have is that there's no
4 extinguishment in a 363 sale, whatever rights they have,
5 whatever they think they had, that attach to the proceeds of
6 sale. And they had the right, right after the sale, to
7 assert whatever claim they had in the case. The bar date
8 hadn't been set; the schedules hadn't been set. Whatever it
9 was, they had the ability to do that.
10 And the Macarthur v. Manville case, which we cite
11 in our paper, says that the underlying principle of
12 preserving a debtor's estate for the creditors and funneling
13 claims into one proceeding in the Bankruptcy Court is a
14 fundamental part of the bankruptcy law.
15 They actually have the same concept in the
16 adequate protection sections of the Bankruptcy Code, which
17 is you're selling free and clear of someone's property
18 interest, but you're giving them replacement collateral;
19 you're giving them the proceeds of the collateral; you're
20 not destroying a property interest. You're shifting it.
21 And that's fundamentally what happens in a 363(f) sale.
22 And this point was made at the sale hearing. It
23 was made by Old GM's counsel at the closing argument. It
24 was actually made by Wilmington Trust counsel as well, at
25 the closing argument, as well, too. And your Honor actually

1 had echoed this theme in your decision, when you said, "The
2 sale agreement does not dictate the terms of a plan of
3 reorganization, and it does not attempt to dictate or
4 restructure the rights of the creditors of the estate. It
5 merely brings in value. Creditors will thereafter share in
6 that value pursuant to a Chapter 11 plan of reorganization."
7 And that same point was made by Judge Gonzalez in
8 the Wolff case. I think it was Judge Gonzalez. And we cite
9 that in our papers as well, too, the Wolff opinion, which is
10 a contested matter that came up after the Chrysler decision
11 and sale order was entered. And there, Judge said, "The
12 purpose of the sale was not to effect a plan of
13 reorganization and set distributions to classes of
14 claimants, but to maximize the value of the estate and
15 support the best possible recoveries under a separately
16 confirmed plan."
17 So, the first fundamental point is that there was
18 no property right that was extinguished. It's not like a
19 bar date case where, if you don't file your claim timely.
20 It's not like a plan case where you have a discharge. In a
21 sale, the claim shifts to the proceeds of sale.
22 Second point is to why there was no property right
23 that was extinguished as part of it. And this really
24 relates to the Third Circuit decision in Emoral. And --
25 THE COURT: Which Third Circuit decision?

1 MR. STEINBERG: The Third Circuit decision in
2 Emoral, E-M-O-R-A-L. There, the Bankruptcy Court said that,
3 in the context of the successor liability claim -- and here
4 we are talking about they claimed that the sale was free and
5 clear of their successor liability rights. There's no other
6 property right that they were asserting, other than the
7 right that they think they have under successor liability.
8 Court says that, once a bankruptcy occurs, the
9 ability to assert a successful liability claim is an estate
10 cause of action under Section 544 of the Bankruptcy Code.
11 It's the same right that every creditor could have asserted,
12 and therefore the estate fiduciary is the one who could
13 bring that claim, not any individual.
14 THE COURT: I have a little problem with that, Mr.
15 Steinberg, because, when we give the estate rights that are
16 owned by creditors before the bankruptcy, we do it by
17 express statutory means such as Section 544 of the Code.
18 The ability to assert a successor liability claim, when it's
19 permissible, is to add a class of defendants that the
20 creditor can sue beyond the original assignor of the
21 property. It gives the creditor a second target, if you
22 will. Isn't that a benefit of the creditor rather than the
23 original target?
24 MR. STEINBERG: I don't think so, your Honor, for
25 the following reasons. One is that the creditors didn't

1 have a successor liability claim until the sale actually
2 consummated. There was no claim they had against New
3 General Motors. They had no claim if the 363 sale didn't go
4 through. As of the time of the bankruptcy case, they had no
5 successor liability claim against anybody. They had no
6 property right as against anybody.
7 I mean, successor liability is not the same thing
8 as a property right. It's a claim that someone acquires as
9 a sort of an equitable remedy because there's nobody that
10 you -- because either of the structure of the transaction or
11 because there's nobody else that you could sue. Neither of
12 those circumstances apply in these circumstances. The --
13 THE COURT: Stick with me for a second, because
14 there is something related to what I just said but that's
15 slightly different as well. Creditor wants to assert a
16 successor liability claim. It wants to go after an entity
17 with the potential to go after 100-cent dollars instead of
18 baby bankruptcy dollars.
19 That has the effect, for that subclass of the
20 creditor community who can sue for 100-cent dollars, of
21 giving that creditor group a leg up over the poor suckers in
22 the creditor community who can only get baby bankruptcy
23 dollars. Once again, that seems to me a benefit for a
24 favored creditor rather than a right of the estate.
25 MR. STEINBERG: Yes, but I think, your Honor --

1 and I think I understand what is troubling you about that,
2 and I think I could isolate it for you. The general
3 concepts of successor liability are generally
4 (indiscernible). There's legal successor, which is a claim
5 that everybody shares. Transaction is structured
6 (indiscernible), and so that the purchaser is the new legal
7 successor of the seller.
8 De facto merger, continuation of business, or
9 fraudulent purpose in connection with doing the transaction
10 altogether: those are the four general prongs or successor
11 liability. In the product area, in certain states, there's
12 a product line exception. And I think your Honor is
13 thinking a little about the product line exception. And
14 I'll separately address the product line exception.
15 But, with respect to the four prongs, de facto
16 merger, legal successor, continuation of business, and
17 fraudulent purpose, all of those things are something that
18 every creditor has, not one creditor, every creditor. The
19 plaintiffs here are in no better position than the
20 bondholder or anybody else to have been able to assert those
21 claims.
22 And that is why Emoral, I think, was correctly
23 decided. And that is why Emoral relied on the Keene
24 Corporation case, which was 164 B.R. 844, a Bankruptcy Court
25 case in the Southern District of New York. And it basically

1 said that successor liability claims are estate causes of
2 action.
3 And that is why Judge Lifland's decision in Alper
4 Holdings, which is 386 B.R. 441, said the same thing. Those
5 type of successor liability claims, based on the structure
6 of the transaction, those are things that are estate causes
7 of action. The estate representative is the one in charge
8 to bring it. And, in the context of the 363 sale, the
9 estate representative is the one who could release it.
10 Third reason why I don't think there was a
11 property interest -- and this is actually in your Honor's
12 decision, and it doesn't say it explicitly, and I don't want
13 to put words that says that you tried to say something
14 explicitly, but you clearly had the concept in your mind.
15 In Footnote 99 of your decision, you said that, in
16 discussing successor liability, you said, "The Court notes
17 that, as a matter of federal bankruptcy law, Section 363(f)
18 of the Bankruptcy Code trumps state law and requires a
19 different result."
20 And so, it would have been nicer if you'd said
21 federal preemption. You didn't use those words, and I don't
22 mean to try to say that that's exactly what you tried to
23 say. But those are -- that is the concept, which is that,
24 when you're -- because of the bankruptcy policy objectives,
25 and the federal bankruptcy law, of trying to achieve returns

1 on assets, that that has a tendency to trump state law.
2 And, in the White Motor case, the Bankruptcy Court
3 for the Northern District of Ohio, they said that effects of
4 successor liability in the context of a corporate
5 reorganization preclude its imposition. The negative effect
6 on sales would only benefit product liability claimants,
7 thereby subverting the specific statutory priorities
8 established by the Bankruptcy Code.
9 So, there, he was more -- the judge was more
10 specific in saying that there was a federal preemption
11 concept. But even if you don't want to go that far, your
12 Honor was recognizing in your sale decision, in trying to
13 justify why you were making your ruling on successor
14 liability, that there were concepts about the Bankruptcy
15 Code, Section 363 sales, that trump state law in connection
16 with successor liability. And I think that that is true.
17 And I think that the case law recognizes that. And some
18 judges have said it more explicitly than what your Honor was
19 alluding to.
20 The fourth reason why I don't think that there was
21 a property right that was extinguished here is that your
22 Honor decided, as a matter of fact and law, that there was
23 no successor liability claim. The four-prong test, the most
24 important factor on the four-prong test -- and this is
25 undisputed -- is that there was no continuity of ownership

1 between the purchaser and the seller. New General Motors
2 was going to be owned primarily by the government. The
3 shareholders of the seller were going to be wiped out.
4 There's no continuity of ownership.
5 If you don't have continuity of ownership, you
6 don't have de facto merger as a matter of law, you don't
7 have legal successor. Your Honor found, as a matter of law,
8 that this sale was not of a fraudulent purpose. That wipes
9 out the other element.
10 And, on the continuity of the business section, in
11 the Second Circuit decision of Douglas v. Stamco, which is a
12 2010 Second Circuit opinion, they actually talked about that
13 provision. And they said, if the seller survives, even in
14 the context of a liquidating trust, if it survives, then you
15 -- then the continuity of ownership factor is not
16 established. You don't have successor liability on that
17 basis.
18 And that's what happened here. I mean, Old GM
19 survived. Old GM is still -- well, we argue; GUC Trust can
20 disagree -- its successor is the GUC Trust. But certainly
21 it survived until almost -- until two years after the
22 transaction. So, there is no of those four elements, as a
23 matter of fact, that would have established successor
24 liability, which then takes me to the fifth point, which is
25 the product line exception, which is true in only certain

1 states.

2 And, if it wasn't federally preempted, and if it

3 wasn't in an estate cause of action, and if you were

4 concerned about the claim was going to be extinguished

5 because of the 363(f) concept, even though I don't think

6 that that's true, then you have to see -- do an economic

7 loss plaintiff, do they have any claim under the product

8 line exception? And the answer is no. We have not been

9 able to find a case; they have not cited a case. The

10 product line exception doesn't apply to them.

11 Whatever the state law was, whatever rights these

12 state laws are trying to protect, it's not protecting

13 economic loss plaintiffs. It's also not protecting presale

14 accident plaintiffs. The purpose of the product line

15 exception is that, after you have a sale, and you've had an

16 accident, and there's nobody to go after, the Court is

17 saying, "I'm going to make the successor potentially

18 liable," in certain states, not a lot of states, a minority

19 of states.

20 That's not what happened here. Because the post-

21 sale accident paradigm was actually assumed by New General

22 Motors, it took away the successor liability issue on the

23 product line exception.

24 And that is why, when someone asks me, "Why did

25 your Honor carve out in your decision about successor

1 liability to the extent Constitutionally permissible for the
2 asbestos plaintiffs -- why weren't you broader? Why did you
3 limit to the asbestos plaintiffs only?" and I wasn't sure
4 what the answer was. But I did know that, vis-à-vis the
5 product people, that exception didn't apply anymore. That
6 concern of future creditors didn't apply anymore, because
7 the sale agreement had that as an assumed liability of New
8 General Motors.
9 So, the threshold issue of the threshold issue of
10 due process was: was there a property right extinguished?
11 And I've told you why, your Honor, there were the five
12 separate reasons why there was no property right
13 extinguished, and therefore you don't have to get to all the
14 other issues that are embedded here.
15 The next thing I'd like to talk about is the
16 burden of proof. I think, when this case started, I kept on
17 hearing Rule 60(b). And, when you read the briefs that were
18 filed in this case in response to our brief, there's no real
19 mention of Rule 60(b) anymore. They want to make -- they
20 want to say that I'm entitled to this relief but I'm not
21 working under Rule 60(b).
22 And I think the reason why is what I articulated
23 before, which is that they don't have a case under Rule
24 60(b), because Rule 60(b) requires them to show that there
25 would not be an undue hardship on a party. And you can't do

1 that with a bona fide purchaser for value.

2 And that concept of how 363 sales, burden of

3 proof, bankruptcy policy objectives -- I think Judge Peck

4 was trying to deal with that in the Lehman case, when he

5 said that there was something about it that he thought that

6 the burden of proof, in connection with 363 sales, is even

7 higher than in other circumstances, because of that.

8 And in the Lehman case, he was looking at whether

9 the actual fundamental aspect of the sale -- whether an

10 asset had been properly disclosed to him was appropriate.

11 And even there, he said that he was not going to upset the

12 sale, even if he thought there should have been better

13 disclosure on the actual assets that were being transferred.

14 That's a much harder case than what's been

15 presented to your Honor, where there's no issue about what

16 the assets were that were being sold. The issue is whether

17 there was a proper description of retained liabilities in

18 the context of a sale which was not trying to extinguish

19 retained liabilities. A hearing where the purpose was not

20 to deal with retained liabilities; those issues were for

21 another day. And therefore, I think that's what the judge

22 was trying to deal with Lehman.

23 The issue that your Honor had raised in one of

24 your questions, which is, "Can I just carve them out of the

25 sale order, and leave the sale order in place, but just

1 carve them out?" I know your Honor has written and spoken
2 many times, and sometimes I'm on the right end of this and
3 sometimes I'm on the wrong end of this, but your Honor talks
4 about stare decisis, the ability -- the need to follow the
5 law of the circuit, and that that guides how you render
6 these decisions.
7 And I would just point out to your Honor that the
8 argument about "carve me out of the sale order" was actually
9 made on appeal of your Honor's decision. It was in the
10 Campbell case. And it was actually the presale --
11 THE COURT: That's the one before Judge Buchwald.
12 MR. STEINBERG: Yes. It was actually the presale
13 plaintiffs. They said, basically, to the judge, "I want you
14 to apply the sale order to everyone but me. And then you
15 could approve the order." And then the judge used terms
16 like "elective surgery," "knock the props out from the
17 transaction," and said, "I can't do that. And even the
18 Bankruptcy Court couldn't do that. The bankruptcy order
19 talked about this was an integrated transaction. Every term
20 is dependent on every other term. I can't blue-line the
21 order."
22 And even if there was a peripheral thing that you
23 could blue-line and ignore the provision of the order,
24 successor liability was not a small item here. That was a
25 fundamental, foundational point that you just can't ignore.

1 THE COURT: Pause, please, Mr. Steinberg. You're
2 ahead on successor liability. But your opponents' stronger
3 position is on matters that were not raised by Campbell.
4 Campbell is Mr. Jakubowski's guys, if I recall.
5 MR. STEINBERG: Right.
6 THE COURT: There were 12 litigants who were in
7 real, genuine car wrecks who wanted to sue New GM, along
8 with Old GM. Judge Buchwald, like me, didn't address the
9 more debatable aspect of the sale order, which was
10 protecting New GM from its own wrongful conduct. Now, should
11 I regard her principles as a pawn to an argument that was
12 never made before either her or to me?
13 MR. STEINBERG: No, but, your Honor, I think --
14 I'm glad that you raised that point again, because I will
15 try to now answer your question, because, fundamentally,
16 underlying your question is something that I disagree with.
17 Let me start with the proposition that I agree
18 with you. I think, if New GM had an independent duty in
19 conduct vis-à-vis anything -- and clearly it assumed
20 liabilities, right? So, it assumed the glove box warranty;
21 it assumed the lemon law; it assumed the obligation to
22 conform with federal law on the recall; it assumed the
23 obligation on the post-sale accidents. I think, if those
24 things are involved, then that's New GM's obligation.
25 And the New GM obligation actually related to Old

1 GM vehicles. Why? Old GM -- New GM assumed the glove box
2 warranty with regard to Old GM vehicles. New GM assumed the
3 lemon law responsibility as defined in the sale agreement
4 with regard to Old GM vehicles. New GM agreed to assume
5 post-sale accidents with regard to Old GM vehicles. And New
6 GM agreed that, if there was going to be a recall that was
7 necessary on an Old GM vehicle, it will do the necessary
8 repair for an Old GM vehicle. So, New GM did have
9 independent conduct that your Honor was not insulating as
10 part of a sale order relating to Old GM vehicles.
11 But that was it. If there was nothing that New GM
12 specifically assumed relating to an Old GM vehicle other
13 than those things, then everything else relating to an Old
14 GM vehicle was a retained liability. And it had no
15 independent duty for anything related to that. That was the
16 purpose of the no-successor-liability finding.
17 THE COURT: Yeah, I understand that. But if Mr.
18 Weisfelner had shown up back in 2009 and made the same
19 arguments he's making now, he would have said, in words or
20 substance, that you can't protect New GM from its own
21 wrongful conduct so long as it's independent of the Old GM
22 conduct, whether or not it involved Old GM or New GM parts
23 or cars.
24 MR. STEINBERG: If it doesn't involve an Old GM
25 vehicle, or an Old GM part sold by Old GM, or Old GM

1 conduct, he would be right.
2 THE COURT: Well, let me tell you an example.
3 Suppose I don't think New GM actually fixed its cars. And I
4 don't know whether it ships the parts to mechanics that do.
5 But suppose New GM knowingly -- and I understand this is a
6 wholly fictitious hypothetical. But suppose New GM
7 knowingly put a defective Old GM ignition switch into either
8 a New GM or Old GM vehicle.
9 If it knew that the switch was crummy, it wouldn't
10 be liable for having designed the switch wrong, but it would
11 -- arguably, I'm not going to get into stuff that's Judge
12 (indiscernible)'s issues -- but it could arguably be liable
13 for knowingly putting the crummy part into an Old GM
14 vehicle.
15 MR. STEINBERG: I agree.
16 THE COURT: Or New GM vehicle. And, as I read the
17 sale order, it gets a "get out of jail free" card in that
18 kind of conduct. The sale order and the sale agreement.
19 MR. STEINBERG: I don't think so.
20 THE COURT: Okay. Then if you're contending that
21 that wouldn't be an issue, maybe that issue would go away.
22 But that is a matter of concern to me because of the breadth
23 of the documents in which you've read so much.
24 MR. STEINBERG: No, no. But, your Honor, I think
25 that, if it relates to an Old GM vehicle, and somehow, when

1 it was sold, New GM took on a contractual obligation
2 independently, took on a contractual obligation to warranty
3 some aspect of that vehicle going forward, I think New GM
4 has that contractual obligation. I wasn't looking a-- and I
5 know it's a catchy phrase to say, "get out of jail free"; I
6 don't think that's --
7 THE COURT: I tend to get a little colloquial, but
8 you know where I'm coming from.
9 MR. STEINBERG: I do. I do, your Honor. I just
10 feel that there's probably people at the company listening
11 to what I have to say, so I wanted to at least say something
12 in response to that, because I don't think "get out of jail
13 free" is the right way of doing it.
14 But no one was looking to absolve New General
15 Motors for independent duties that it voluntarily took on
16 after the sale. But it purposefully did not take on
17 responsibilities with regard to Old GM vehicles that were
18 not assumed liabilities. And what they've articulated --
19 and this is dealing with the Old GM claim threshold issue --
20 what they've articulated is something that has nothing to do
21 with New General Motors.
22 And I'll give you an example. There was -- and I
23 think we gave a couple of these in the -- in our briefing.
24 There is a plaintiff named Rafael Lewis who brought -- who's
25 in the post-sale consolidated complaint. They recognize

1 that the presale consolidated complaint, if you're not going
2 to upset successor liability, the presale consolidated
3 complaint falls. The presale accident plaintiffs also
4 recognize the same thing, that, if you -- successor
5 liability is going to be upheld, they lose.
6 The reason why the lead counsel broke up the
7 complaints between the presale and the post-sale was they
8 were trying to isolate those issues that they think survive
9 even if your Honor upheld the successor liability. So, this
10 is in the post-sale complaint, not the pre-sale, the post-
11 sale.
12 Rafael Lewis bought a 2006 Chevrolet Cobalt after
13 the 363 sale at an auction for $2800 with no warranty. His
14 claim is that, years after he made his $2800 auction
15 purchase, the value of his now eight-year-old vehicle had
16 gone down, because a recall was announced that was going to
17 fix the ignition switch problem in his car that he was
18 otherwise not aware of.
19 New GM did not manufacture that car in 2006. New
20 GM did not sell him the car in -- after 2009. Yet somehow,
21 according to the economic loss plaintiffs, New GM is
22 required to protect the value of that car purchased by
23 Plaintiff Lewis with no warranties from unrelated third
24 party. You don't get there unless you have successor
25 liability. That claim is predicated on successor liability.

1 There's no independent duty that they had on a transaction
2 that they weren't involved with. And the GUC Trust jumps on
3 the misguided bandwagon and says that, and they're equally
4 wrong as well.
5 We pointed out Plaintiff Barbara Hill. She bought
6 a 2007 Chevrolet Cobalt after the 363 sale from a Nissan
7 dealer. New GM did not manufacture her car in 2007 and they
8 didn't sell her a used car after the 363 sale. Yet,
9 according to the economic loss plaintiffs, on their post-
10 sale consolidated complaint, New GM is liable for the
11 alleged loss in the value of her seven-year-old car after
12 the 363 sale by a Nissan dealer.
13 You don't get there unless you're asserting
14 successor liability. There is no independent duty. And you
15 can clearly see that by understanding what their post-sale
16 consolidated complaint tries to do.
17 It says that the people who are -- that New GM is
18 liable to is not the people who just are -- had vehicles
19 that were recalled in 2014. That's the 27 million people.
20 It's not just them. It's everybody that New GM sold a car
21 to since 2009, even if they had no subject to a recall.
22 Why? Because the magnitude of the quantum of the recalls
23 tarnished the GM brand as a whole. And, by New GM profited
24 from selling all of those vehicles. And that's why they
25 should be liable for the tarnishing of the brand.

1 Well, how does that theory make any sense at all
2 when you're dealing with a used car sale? New GM didn't
3 sell that car. New GM didn't profit from that car. New GM
4 didn't make any representations about that car. That's the
5 -- that's a critical element of their post-sale consolidated
6 complaint; it has nothing to do with an independent duty
7 that New General Motors assumed or not. That's the
8 successor liability claim, nothing more than that.
9 When the complaint deals with what is in essence
10 successor liability, that is what we say should be
11 proscribed. We're not looking to try to take an independent
12 duty. The reality is, though, they have asserted an
13 independent duty.
14 The -- Judge Bernstein had this issue in the
15 Burton case. There, they talked about the duty --
16 THE COURT: Burton being one of the Chrysler
17 cases?
18 MR. STEINBERG: Yes. There, they talked about a
19 duty to warn. And that was a case brought by economic loss
20 plaintiffs. And Judge Bernstein said, "Duty to warn deals
21 with accidents. You're not asserting an accident claim.
22 There is no duty to warn. It's not an independent duty."
23 He said, "What you're doing is nothing more than a successor
24 liability claim, and I'm going to deny your ability to
25 assert that."

1 That's the essence of what we're talking about
2 here. And you also get to the concept that these are really
3 successor liability claims when you look at the sale
4 agreement and the sale order. The sale agreement talks
5 about what are assumed liabilities and what are retained
6 liabilities. If you're not an assumed liability in the
7 carefully defined provisions of Section 2.3, then by
8 definition everything else is a retained liability.
9 Liability is defined in the sale agreement as any
10 liability that occurs or accrues even after the closing
11 date. So, people understood --
12 THE COURT: Can you -- were you quoting or
13 paraphrasing from the sale order, from the sale agreement,
14 or --
15 MR. STEINBERG: I'm quoting from the definition of
16 liability under the sale agreement.
17 THE COURT: Can you give me the cite to that,
18 please?
19 MR. STEINBERG: It's Section -- it's in the
20 definitions section.
21 THE COURT: In the definitions of the sale
22 agreement?
23 MR. STEINBERG: Right.
24 THE COURT: And that's of retained liability?
25 MR. STEINBERG: The definition --

1 THE COURT: Or assumed liability?
2 MR. STEINBERG: No, the definition of liabilities
3 is in the sale agreement, and that's what I was referring
4 to. Assumed liability versus retained liability is in
5 Section 2.3 of the agreement.
6 THE COURT: The matter being 2.4?
7 MR. STEINBERG: 2.3, I believe.
8 THE COURT: 2.3?
9 MR. STEINBERG: 2.3. The sale order provision is
10 in Paragraph 46. Paragraph 46 confirms the point, when
11 you're dealing with Old GM vehicles. It provides that,
12 except for assumed liabilities -- again, we're not talking
13 about assumed liabilities -- New GM shall not have any
14 liability for any claim that, A, relates to the production
15 of vehicles prior to the closing date, or, B, is otherwise
16 assertable against Old GM.
17 Every one of their claims, the economic loss
18 plaintiffs' claims, is a claim that's assertable against Old
19 GM as it relates to an Old GM vehicle. The sale order
20 proscribed that from being asserted against New GM.
21 And that's why we say in our brief that, if you're
22 dealing with an Old GM vehicle, there wasn't anything that
23 was left to chance. It was a binary choice. We assumed
24 certain specific things -- glove box, lemon law, accidents.
25 We didn't assume anything else. Anything else, they were on

1 their own.

2 And it's not like this argument wasn't raised at

3 the sale hearing. It was raised by the -- at the sale

4 hearing. This was raised not only by the consumer advocacy

5 groups, it was raised by the states' attorney generals and

6 they actually said things like you know, your Honor, there

7 are people here who may not even know they have a claim and

8 you're in effect eliminating their claim. And the answer is

9 yes. The answer is yes.

10 And that makes perfect sense as well too because

11 it wasn't like Old GM had stopped manufacturing cars two

12 years before the sale. They were manufacturing cars

13 throughout. There was going to be a circumstance where a car

14 that was manufactured two months before the sale or sold six

15 weeks before the sale that there may be an issue that

16 related to that car and that is going to come up post-sale.

17 And if it wasn't covered by the expressed warranty and if it

18 wasn't an accident and if it wasn't something by the Lemon

19 Law that person was not going to have a claim against new

20 General Motors unless New General motors decided to

21 voluntarily take that claim on. That was the firm cutoff.

22 But when you look at the sale, the sale order

23 specifically contemplated that these claims, claims relating

24 to latent design defects, that they could be asserted post-

25 bankruptcy and that if they do it is not going to be

1 something that switches the dichotomy between what new GM
2 agreed to and what Old GM agreed to do.
3 I'm trying to think. I still have a half hour I
4 think. Your Honor --
5 THE COURT: I know I asked a lot of questions.
6 I'll cut you a little bit of slack on my taking up so much
7 of your time and of course I'll do my --
8 MR. STEINBERG: Your Honor, I appreciate that. It
9 so happens that I'm so far off my outline about where I am
10 now I probably will need the rebuttal time to figure out how
11 to get back to where I need to be.
12 I want to talk about five cases that you raised as
13 to why they're not the situation here. The first is --
14 THE COURT: Before you're done I also want you to
15 help me with the similarities and the differences between
16 Judge Bernstein's opinions that come to opposite results,
17 Grumman Olson on the one hand and Chrysler, I think it may
18 be Burton on the other.
19 MR. STEINBERG: Well, let me take that because I
20 think Grumman Olson is actually an easy case.
21 Grumman Olson was a case where there was a post-
22 sale accident and the person who was the plaintiff here had
23 no connection, no relationship at all with Chrysler. It was
24 a person that was driving a car that had a manufactured part
25 that was defective, but wouldn't have known that at all.

1 Judge, in the Burton case, the argument was that
2 they're a future creditor and you can't cut off their right
3 because they had no connection at all with the debtor.
4 That's not in any why the situation here.
5 THE COURT: First, to what extent was either
6 related to whether a claim could be asserted notwithstanding
7 a seeming discharge on the one hand or a 363 free and clear
8 provision on the other.
9 MR. STEINBERG: I think in Burton, I'm sorry, in
10 Grumman Olson, the judge said this issue wouldn't have come
11 up in like the GM situation because that claim, the post-
12 sale accident claim, is assumed by new General Motors. So,
13 we're not going to have this due process issue. We're not
14 going to have this future creditor issue and Judge Bernstein
15 in Burton said economic loss plaintiffs are different from
16 the Grumman plaintiff. The Grumman plaintiff is at minimum a
17 future type creditor and that's not what the Burton
18 plaintiffs were. They were economic loss plaintiffs. They
19 held contingent claims. They were unknown creditors. They
20 would be bound by the sale order.
21 So, in one circumstance here you have claims that
22 are assertable against Old GM that they are economic loss
23 claims. They are at worst unknown creditors. I know your
24 Honor wants me to address unknown versus known, but they're
25 clearly not future creditors and plaintiffs don't argue that

1 they're future creditors.

2 They may like the words of Grumman, but they know

3 that they're not Grumman. They're not the Grumman

4 plaintiffs. They specifically said that they're the opposite

5 of Grumman.

6 Grumman they said there is no way you could have

7 notified us because we had no connection with the estate.

8 These plaintiffs said you should have notified us and they

9 obviously know their connection with the Old GM estate, they

10 bought a car from Old GM. So, Grumman is not in any way

11 related to the issues that your Honor has to tackle.

12 If new GM hadn't amended the sale agreement to

13 account for post-sale accidents you would have had to face

14 the Grumman issue in this case now. But that changed.

15 The Burton case is actually on point -- latent

16 defect discovered after the sale, economic loss claim. The

17 judge recognized that what they were really asserting a

18 successful liability, uses the quote, "Anybody who owns a

19 car now is not going to have a problem with the car."

20 This case is Burton. To that matter, your Honor,

21 although it doesn't come up in the same exact context, this

22 case is very similar to I think your Morgenstein decision as

23 well too. In Morgenstein the issue that was raised was by a

24 product person claiming that in effect that that there was a

25 fraud on the Court, not a due process violation. They went

1 even further. They went to the fraud on a court section and
2 they said when Old GM presented its plan, when Old GM
3 presented its bar date they didn't send us the notice that
4 they should have. They knew that there was a defect in the
5 product that we bought. There are 400,000 cars that are
6 affected. We should have had notice. We shouldn't be subject
7 to the bar date. We shouldn't be subject to the injunction
8 under the plan.
9 The remedies that they asked for were a little
10 unusual. They asked for a partial revocation of the plan
11 which there are specific sections in the Bankruptcy Code
12 which talk about revocation of the plan and your Honor did a
13 strict statutory analysis, but it is in my view similar to
14 the partial revocation remedy that the plaintiffs are trying
15 to assert here. And then your Honor said that they didn't
16 plead fraud with the particularity, Rule 9B in the
17 Morgenstein decision.
18 But fundamentally what they were arguing about was
19 I should have gotten notice, I didn't get notice and now I'm
20 barred because you knew, you Old GM, knew that there was a
21 defect in my car and you didn't tell me. And their ultimate
22 remedy was you don't have a remedy and that I think is
23 similar to the circumstance that you Honor has here.
24 The five decisions, let me see if I can get this
25 right, the Metzger decision. There was -- the county had a

1 covenant to the land development and they were a known
2 creditor. People knew that they had a covenant with the
3 land, it was a public record, and you couldn't then sell the
4 land and then try to preserve the covenant. So, the court
5 had to deal with that singular circumstance and the
6 purchaser was arguing that the covenant was wiped out by the
7 sale and that there was no way that the sale proceeds could
8 satisfy that. So there you were dealing with a circumstance
9 where there wasn't a monetary damage claim and the 363 sale
10 actually reflected an extinguishment of a known property
11 right. That's not I think what you have here.
12 THE COURT: But one of the reasons that I was
13 troubled or at least, not troubled, but was worried or of
14 the view, perhaps is the best of all the words, that those
15 five cases could be very significant here, is that I think
16 if that's -- you're talking Metzger by Arthur Weissbrodt?
17 MR. STEINBERG: Mm hmm.
18 THE COURT: He declined to blow away the free and
19 clear nature of that covenant without invoking 60(b), didn't
20 he? Was he just wrong when he did that? And I'm going to ask
21 the same question with respect to the other four. If I think
22 the bankruptcy judge or a district judge gets it wrong I'm
23 free to say that. I'm much less free to say that -- I can't
24 say that if it's a decision by the Second Circuit.
25 MR. STEINBERG: Well, your Honor, I think that

1 you've asked a very interesting broad question and I think
2 you obviously can decide it on the narrow grounds which is
3 the facts presented to you are not the Metzger type
4 circumstance and therefore however the judge approached the
5 problem in Metzger is not the same as you.
6 But if you're asking me on the most broad concept,
7 which is that are there cases where you don't need to get
8 the 60(b) in order to deal with a circumstance, there
9 probably are, but they probably have unique circumstances as
10 well that are not here. For example, Fuentes v. Shevin. It's
11 whether you could --
12 THE COURT: (indiscernible) detachment?
13 MR. STEINBERG: You can have a (indiscernible)
14 without notice to somebody. There the Supreme Court was
15 arguing about the Constitutionality of a statute and in that
16 circumstance the Court said that I'm going to invalidate the
17 statute as violating the due process clause. It's not a
18 matter of moving to Rule 60(b) because no due process was
19 given in effect of the procedural due process, it's a sort
20 of a substantive due process which was that the statute
21 itself was improper.
22 I would say there are five cases that plaintiff's
23 counsel have cited that fit within that paradigm which is
24 that what actually was being done was the Constitutionality
25 of the statute itself and a court was saying I'm not

1 enforcing the statute. The statute doesn't give people their
2 elementary due process rights, that if you have a
3 circumstance where the statute says I give publication
4 notice for the potential extinguishment of a lien when it's
5 a lien of public record, the Court is saying in those
6 circumstances you'd better give direct mail notice. It's
7 easy to give that individual lienholder credit notice and
8 there's something wrong with the statute altogether. I'm
9 invalidating the sale and I'm invalidating -- I'm saying
10 they didn't get their due process rights. And they're not
11 doing it on Rule 60(b) grounds, they're doing it based on
12 the fundamental element of the statute itself.
13 So, if you're asking me whether I think in this
14 particular case Judge Metzger got it right when he said that
15 a covenant with the land was a situation where you're
16 dealing with a known creditor and the direct mail notice was
17 not provided, I think Metzger was a situation where courts
18 have to struggle with the notion that if you're a known
19 creditor and you didn't get notice you'd better have a good
20 reason why and that if you knew -- if it's the type of
21 covenant -- if it's the type of thing that's a matter of
22 public record then there's an element that the purchaser
23 kind of knew that as well too and therefore it's not as
24 clean as a circumstance that we have here. So that's
25 Metzger.

1 Polycel, there I think there's an easy answer to
2 that question. In Polycel, I think you called it Polycal so
3 either I have a typo in my outline or I got it wrong, but I
4 think I'm talking about The 2006 WL 4452982 bankruptcy New
5 Jersey case in 2006.
6 THE COURT: It's from a district judge out of
7 Trenton if I'm not mistaken.
8 MR. STEINBERG: Yes. I don't know if it was the
9 District Court or a bankruptcy court, but I have it as a New
10 Jersey case. There the issue was can you sell molds that
11 were used by the objector to the sale and there the Court
12 said that the debtor didn't own the molds. So this was an
13 issue that as a matter of Section 363 the debtor had no
14 right to sell, that the molds were not owned by the debtor,
15 therefore a sale of a right, title and interest where the
16 debtor doesn't own anything didn't transfer anything.
17 Important to know that also in Polycel that the
18 purchaser agreed to take the assets subject to whatever the
19 debtor's interest was. So they took a quit claim on the
20 molds. So when the Court carved out the situation, they
21 weren't carving it out on due process grounds, they were
22 simply saying that the objector is entitled to its property
23 interest because the debtor had no right to sell it and the
24 debtor didn't actually sell it.
25 That's -- then court said you couldn't say take

1 the sale proceeds to compensate you for the loss of your
2 molds because the guy needed the molds for his business.
3 They were essential to the integration of his business, that
4 it was an irreplaceable items. That's how Polycel is a
5 different circumstance from your Honor.
6 Compak. Compak was a case where a creditor did not
7 receive the notice and he held a license to a patent owned
8 by the debtor and the argument was that the sale order
9 extinguished the license itself and the Court said the
10 creditor had no remedy because of the loss of its license.
11 It was critical for its business and that the Bankruptcy
12 Code had special protections for patent licensees and
13 therefore the Court wasn't going to enforce that order vis-
14 à-vis the licensee.
15 And the Court also said, I think it was this case,
16 that license didn't seem to be so critical for the --
17 THE COURT: I beg your pardon?
18 MR. STEINBERG: The license didn't seem to be so
19 critical to the purchaser, but there was a specific property
20 right and that the debtor had no right to sell it free and
21 clear and was a known contractual right and therefore they
22 were a known creditor.
23 We think first it starts off that they were
24 unknown creditors and therefore the notice was proper. But
25 in the known creditor situation when dealing with a license,

1 the Court said there are special protections for licensees
2 and you can't compensate that person monetarily by saying
3 your lien attaches to the proceeds of sale, how to deal with
4 it in different circumstance.
5 So, I keep on going back to the same point, when
6 someone sues for monetary damages then not a license, not
7 molds used for their business, the remedy that you can
8 afford to use is something other than -- attaching to the
9 sales proceeds doesn't protect the objector who was deprived
10 of due process.
11 Different circumstance here. When you're suing for
12 monetary damages clearly sale proceeds can accomplish that
13 goal.
14 Koepp, that's not a Bankruptcy Code case. That's a
15 railroad reorganization case under Section 77 of the
16 Bankruptcy Act. The creditor held an easement of the record,
17 but got no notice of a plan which attempted to extinguish
18 the easement.
19 In that railroad reorganization case they entered
20 something called the consummation order. Under the
21 consummation order it said you could not extinguish this
22 encumbrance because it runs with the land and it was only
23 going to extinguish rights if you were a claimant or a
24 stockholder and the consummation would only apply to those
25 people and the person who held the easement was neither a

1 creditor nor a stockholder.

2 So the Court said that the consummation order

3 didn't govern what -- it didn't cut off this person's rights

4 anyway because you're an easement holder, you weren't the

5 creditor or stockholder and the only thing I was covering in

6 my consummation order were the rights of the creditors and

7 the stockholders.

8 So again, it was interpreting its order to say it

9 didn't apply, not that they were carving out something that

10 clearly applied for due process reasons.

11 THE COURT: Didn't the circuit in that case say

12 that they found a violation of due process and didn't they

13 blow away the extinguishment of the complaining creditor's

14 interest without every talking about 60(b)?

15 Now summary opinions are called summary for a

16 reason because they're not drafted with the precision that

17 plenary opinions are. With that said, and I don't want to be

18 critical of the circuit, but seemingly the circuit didn't

19 think 60(b) was that important.

20 MR. STEINBERG: Well, your Honor, I think to

21 defend the circuit, if I'm presented with an order --

22 THE COURT: If the circuit didn't think 60(b) is

23 important, that tells guys like me we're not supposed to

24 think that 60(b) is that important. I'm not allowed to think

25 that the circuit was wrong.

1 MR. STEINBERG: No, no. I actually think that
2 60(b) is important, but I think Koepp is a case where the
3 Court was interpreting the order that was entered and saying
4 the order didn't apply to the objective. The order was the
5 consummation order. The consummation order only affected
6 rights of creditors and stockholders and they were saying
7 that an easement person, any person who held an easement,
8 was not a creditor nor a stockholder and therefore its
9 rights were not extinguished and therefore I didn't have to
10 deal with 60(b), I was interpreting the order and saying it
11 didn't apply to them.
12 It was the same thing as the -- I'm sorry, which
13 talked about the molds. You know, you cn only sell what you
14 own. You didn't own the molds and therefore I'm interpreting
15 the order to say that those rights in the molds weren't
16 extinguished. It doesn't involve 60(b), it involves an
17 interpretation of the actual order itself. And so I do think
18 60(b) is important except you didn't need to reach it in
19 that case because you were interpreting the order and you
20 were trying to decide whether the order covered the
21 circumstance that was being complained about.
22 And then I think the last one is Manville IV and
23 there I think Manville IV fits within the same paradigm.
24 Manville IV was a circumstance where there was an injunction
25 that was entered as part of the Manville case and the focus

1 of that injunction was that entities like Travelers would be
2 protected from lawsuits and that they would be protected
3 from lawsuits because if they didn't that would erode the
4 insurance that otherwise was being given to the Manville
5 estate.
6 So, the insurance agreement was the res that was
7 part of the bankruptcy estate. In Manville IV the litigation
8 was between Chubb and the insurance company and it didn't
9 relate to the insurance. It related to whether the insurance
10 industry had defrauded as a whole the asbestos industry and
11 that they should have been protecting the industry as a
12 whole and the claim that was being asserted was a
13 contribution claim which was a prepetition direct claim that
14 one insurance company had to another insurance company. And
15 there the Court was saying that wasn't what this injunction
16 was dealing with. That wasn't what the court had
17 jurisdiction to issue an injunction. It wasn't going to
18 prevent a direct claim against another direct claim that was
19 unrelated to the insurance res which was what the Bankruptcy
20 Court had to deal with and therefore it carved out and said
21 that this didn't apply.
22 And then in Manville V it said that there wasn't a
23 failure to meet a condition precedent because the injunction
24 didn't apply to it in the first place.
25 Now, Manville has gone through lots of litigation.

1 It has gone through up and down the circuit a number of
2 different times. That is what was involved in Manville IV.
3 The most telling distinction between Manville IV and the
4 case at bar is that Manville IV was a future creditor case
5 or not even a claim at all case. They're arguing that, the
6 Chubb is arguing it never could have been contemplated at
7 the time of the channeling injunction under the plan that
8 you would have this type of claim -- someone claiming that
9 the insurance industry as a whole was defrauding the
10 asbestos industry and therefore it wasn't contemplated, no
11 one could have expected that type of claim and therefore it
12 shouldn't be barred by any kind of channeling injunction.
13 That's not their situation, right? Their situation
14 is that they're a known creditor, that they should have
15 gotten notice as to the time of the sale and we cite in our
16 papers a case which talks about, while there are
17 similarities between a channeling injunction and a 363 sale
18 where there's an injunction to protect the purchaser, in the
19 Campbell case the court says while there are similarities
20 and there are similar rationales for the protection, it's
21 not the same and there are bankruptcy policy objectives
22 relating to a 363 sale which are independent of the
23 channeling injunction that's part of the plan.
24 So, I think, your Honor, those are the five cases
25 that you've asked me to address. I'd like to talk a little

1 about the claim-specific notice issue.
2 The 363 notice approved by the court did not
3 identify any specific liabilities retained by Old GM because
4 it wasn't the purpose of the sale hearing and it actually
5 didn't have to. The sale notice itself said it was free and
6 clear of all liabilities and it was other than assumed
7 liabilities. And when you say all, there's no need to break
8 down that further into its component parts.
9 Importantly, the creditors committee, the states'
10 attorneys generals, the consumer advocates and the vehicle
11 owner attorneys never challenged the sale procedure order
12 and the specificity of the sale notice and that was never
13 appealed at all by any of them.
14 And as noted, the sale notice told parties what
15 they needed. They told them that the sale would be free and
16 clear liens and it gave access to the sale agreement and the
17 sale agreement said that -- defined what were retained
18 liabilities and said it's going to be free of successor
19 liability claims. And this picks up on one of the questions
20 that your Honor had asked. A more detailed claim notice
21 would've been extremely costly and it would have delayed the
22 sale and the value --
23 THE COURT: They're not really attacking the
24 specificity of the sale notice to my understanding. They're
25 saying that if mailed notice of the type that was sent with

1 -- I think they said first class mail, but maybe by
2 hyperbole they said by registered mail, that by not having
3 sent out the recall notices Old GM was hiding the cards. And
4 maybe it's Mr. Weintraub's brief, maybe it's Mr.
5 Weisfelner's or both, but one of them says even if you had
6 mailed us the notice it wouldn't have been good enough
7 because the recall notices haven't gone out. Could you
8 address that contention?
9 MR. STEINBERG: I think --
10 THE COURT: Or am I imagining that they said that?
11 MR. STEINBERG: I don't think that they say it
12 like that. I think they say it slightly differently. I think
13 they say that the notice had to specifically say there was a
14 defect and that you may have rights that are extinguished if
15 you don't file a claim. So, they were putting the burden on
16 the proponent in the sale context to identify all the
17 liabilities that would be potentially extinguished by a no
18 successful liability finding and to have it said with
19 explicitness. That's what I think they said. I don't think
20 they tied at all to the recall notice.
21 And by the way, if the recall was done in 2008,
22 then what? If the recall was done six months before --
23 THE COURT: Well, if the recall had been done in
24 2008 I'm not quite of a mind to say you would win this in a
25 heartbeat, but if the recall had been sent out in 2008 I

1 think that that coupled with the publication notice would
2 put you in a very strong position.
3 MR. STEINBERG: The recall -- the element of a
4 recall, this -- to put it in context, is that there was a
5 defect of a safety nature that needed to be remedied. Old GM
6 had been sued by lots of people prior to its bankruptcy
7 based on failures to design the car properly, breaches of
8 implied warranty of merchantability, fraudulent concealment
9 in the context of selling the car. Those claims existed
10 throughout.
11 Your Honor had to deal with those circumstances in
12 Castillo. Your Honor, approved the settlement in
13 (indiscernible) and (indiscernible). All of those were in
14 effect economic loss claims. They were breach of warranty
15 actions where there had been class actions that had been
16 certified, but not approved as of the time of the
17 settlement. All of those claims are Old GM claims. All of
18 them had been paid as Old GM claims.
19 The recall of when you send out a notice or not is
20 -- I don't want to minimize it, but it is not relevant to
21 the issue that I think your Honor, has to address. The issue
22 is whether warranty claims, design defect claims will retain
23 liabilities and if they were then the issue is whether the
24 sale notice was proper.
25 And your Honor has asked the question well, what

1 is the objective, what is the test that I should look at?
2 You know, they use language like reasonably, reasonably
3 ascertainable, but that's not reasonably foreseeable. What
4 does it mean by looking at the books and records? Is it the
5 same as a financial statement?
6 THE COURT: I take it -- that's easy. You agree
7 that it's not the financial statements.
8 MR. STEINBERG: I agree it's not the financial
9 statements. And I think that the Drexel case actually
10 illustrated that because there you had a contractual
11 guarantee. Guarantees don't necessarily have to be on a
12 financial statement. It didn't mean that if you had
13 contractual guarantee you shouldn't be noticing that
14 creditor if it was in the context of a bar date situation.
15 Not a sale, but a bar date. So I agree that the financial
16 statement is not the end all be all.
17 But when we say books and records we're not
18 talking about, you know, we're not talking about the
19 financial statement. We're talking about the general ledger
20 of the enterprise, what is listed as the creditors of the
21 company on the company's books and records. We're looking at
22 what the litigation calendar is. People who had sued the
23 company. People who have made a claim against the company
24 and that's the issue that I think your Honor has to tackle
25 which is that if it's not a contractual claim, if it's not,

1 you know, the cases they cited if there's an easement, if
2 there's a mortgage you should give notice to the mortgagee.
3 If I have a contractual claim that I know about I should be
4 giving notice as if I'm trying to sell or if I'm going to
5 try to do a bar date. Those are known creditors.
6 But what is the objective test when you have an
7 unasserted tort claim where the tort claimant has never made
8 a claim for that at all? In this particular case, look at
9 the circumstance here, you have, you know, the ignition
10 switch recall went back as far as 2004-2005. So you have
11 people who drove their car for five years. One of the
12 arguments on the claim-specific notice is that they didn't
13 know they had a problem. So they drove their car for five
14 years. They didn't know they have a problem. It's only the
15 announcement that we're going to cure the problem that you
16 weren't aware of that they say creates the economic loss
17 claim.
18 But if they haven't unasserted a claim and it's a
19 stipulated fact that none of the named plaintiffs in the
20 ignition switch action actually asserted a claim against Old
21 GM as of the sale. So none of them asserted a claim and Old
22 GM didn't have it on their books and records and didn't have
23 a claim that's being asserted.
24 One of the things that I think this is clear also
25 is that you can get caught up in this due process argument,

1 and I don't mean to minimize the importance of due process,
2 but the reality was is that they generally knew that there
3 was a sale hearing anyway. They've never argued, they've
4 never put in one affidavit to your Honor that they weren't
5 aware of the sale hearing. Whether they got the direct mail
6 notice, the publication notice or they read one of the 1,250
7 newspaper articles or they watch television, you know, this
8 was what Judge Kaplan said. No sentient American was unaware
9 of the travails of Old GM.
10 And the cases that they cited which talk about Old
11 GM's awareness of the bankruptcy filing is not the same as
12 the awareness of the particular bankruptcy event. Well those
13 are cases which deal with the bar date. Every case that they
14 cite dealt with the bar date and there the courts were
15 saying I may know that there's a sale, I'm sorry, I may know
16 there's a bankruptcy, but I don't know in a Chapter 11 when
17 the bar date was set. I could have my rights extinguished if
18 the bar date is entered and I don't know about it and it's a
19 matter of who has the burden of telling somebody about the
20 setting of the bar date when it's not set in Chapter 11 by
21 statute, but it's set by court order. And there those cases
22 are saying the burden is on the proponent asking for the bar
23 date to send out the notice and merely the knowledge of the
24 bankruptcy filing will not obviate the necessity of giving
25 the notice of the bar date where their claim would otherwise

1 be extinguished. That's not the circumstance here. But the
2 reality is that they know. The named plaintiffs. The people
3 that they control. The people they could talk to on a daily
4 basis, they know if they were aware of a sale hearing or not
5 and there's not one piece of paper that they've issued that
6 says they were unaware of the sale hearing and the magnitude
7 of what happened in 2009 was that everybody was aware that
8 this was happening. This was not something that happened
9 just on June 1. The foreshadowing of the potential
10 bankruptcy of Old General Motors and the fact that the
11 government was going to be the sponsor to buy the assets of
12 the enterprise and whether that was a legitimate use of
13 government funds was widely debated, widely publicized and
14 widely known by everybody that was involved.
15 So, the issue of notice here is to some extent
16 irrelevant and your Honor, asked the issue about prejudice
17 and prejudice is also the same thing because it's not should
18 I have been able to argue my issue about proving my warranty
19 claim. That's not the issue. The real issue is would I have
20 been able to come into court and argue successor liability
21 any differently than anybody else argued successor
22 liability?
23 THE COURT: That's the easy half. The sale order
24 had been circulated in proposed form June 1st or June 2nd
25 substantially immediately the proposed sale order after the

1 363 motion was filed. But a reasonable tort litigant may
2 have said I'll never in a thousand years win on successor
3 liability, but I can argue vis-à-vis the form of the order
4 and (indiscernible).
5 Your problem is (indiscernible) enough to convince
6 me that I would have not issued a free and clear. Your
7 problem is to convince me that I would have issued a sale
8 order with the exact (indiscernible) and language that the
9 one that was entered ultimately turned out to be.
10 MR. STEINBERG: Well, your Honor, they have not
11 articulated what it is in your sale order that they would
12 have been able to argue was overbroad. I mean, that's a
13 question that you legitimately have asked.
14 THE COURT: I thought they did. I'll certainly
15 hear from Mr. Weisfelner and you'll have a chance to reply.
16 MR. STEINBERG: All right. But again, just to be
17 clear, if there was an independent duty that New GM had
18 after the sale, then I don't think your sale order protects
19 them of that independent duty that Old GM had. But vis-à-vis
20 old GM vehicles, that duty had already been parsed out and
21 that -- nothing was going to change by that and that the
22 timing of when you're raising the issue is irrelevant.
23 That issue relating to Old GM vehicles had been
24 parsed out and there were only certain things that New GM
25 was going to do and everything else it wasn't going to do.

1 The bar date toxic tort cases cited by the
2 plaintiffs are readily distinguishable for exactly the
3 reasons why I think your Honor highlighted in your questions
4 and which I tried to argue before and it relates to the
5 differences between the 363 sale and a bar date notice. The
6 timing of when something is issued and what is accomplished
7 by the extinguishment of a claim and that in a toxic tort
8 situation the person actually doesn't know that they have a
9 claim. They have to be told they have a claim. While in a
10 sale situation here the plaintiffs knew they had a car, they
11 knew their relevant with General Motors.
12 I know that I'm past my time. I just want to be
13 able to briefly say in five minutes something about the
14 prejudice point and then I'll say whatever else that your
15 Honor has for my rebuttal.
16 The no prejudice point we've articulated as saying
17 that when you're dealing with a bona fide purchaser the
18 remedy can't be asserted against that entity and we also
19 said that the sale notice attracted many objectors who
20 argued the exact same position that plaintiffs are trying to
21 argue now. They argued that the sale agreement should be
22 broader to protect warranty claims, all consumer claims.
23 Your Honor heard the argument that if the bond
24 exchange had been approved, everybody else would've written
25 through the bankruptcy case other than the bondholders. They

1 would have converted. But now we have a sale where other
2 people are more broadly affected including the car loans and
3 that's why you had a number of the agencies there. You had
4 over 40 states' attorney generals and you had the creditor's
5 committee, the fiduciary for all creditors raising the issue
6 about successor liability and whether these claimants should
7 have realized that their rights were being cut off.
8 And the answer was that the argument was raised
9 and their rights were being cut off. And the importance to
10 be heard in a bankruptcy case is true, but that doesn't mean
11 anything if you otherwise got notice of it in another way
12 and it doesn't mean anything that if you stood up in court
13 you wouldn't have anything new to say on the successor
14 liability issue at all.
15 So, your Honor, I know we have a hard deadline and
16 so I'm going to stop at this point in time and I'll address
17 whatever else I need to on my rebuttal time. Thank you.
18 THE COURT: Okay. We'll take a 10 minute recess.
19 I'll hear next from you Mr. Weisfelner. What is hard is the
20 approximately 3:15 time that I need to get out of here. The
21 rest we have some flexibility on. Refresh my recollection on
22 what was agreed on when we return Mr. Weisfelner. Can we get
23 you done before lunch?
24 MR. WEISFELNER: Your Honor, I think --
25 THE COURT: If we do lunch late enough?

1 MR. WEISFELNER: I think you can. I think between
2 the three designated counsel in the last letter submitted to
3 your Honor we had asked for an hour and 35 minutes. We're
4 going to keep to the hour and 35 minutes, although as
5 between Mr. Esserman and Mr. Weintraub I think we're going
6 to switch their order because it makes more sense in terms
7 of keeping the due process arguments in the same vein. But
8 we will keep to the same timeframe that we had originally
9 contemplated. Your Honor, we can start. You can break us for
10 lunch or keep us here before lunch. It's really up to your
11 Honor.
12 THE COURT: Well, if you can do it in an hour and
13 a half what I think I'd like to do is give you guys to do
14 your thing and break after that.
15 MR. WEISFELNER: I think that's fine.
16 THE COURT: There was a request by somebody for a
17 caucus room. I said I would approve it assuming that
18 everybody had the same ability. I mean all three of the main
19 constituencies. I think that has been done. That will be
20 clarified perhaps during the break. All right, we're in
21 recess, 10 minutes.
22 MR. WEISFELNER: Thank you, judge.
23 CLERK: All rise.
24 THE COURT: Have seats please. Okay Mr.
25 Weisfelner, whenever you're ready.

1 MR. WEISFELNER: Thank you, judge. Your Honor, by
2 my count you had asked about eight or nine questions that
3 were directed to me or other designated counsel and I intend
4 during the course of my presentation to respond to each and
5 every one of them. But I do want as a highlight and before I
6 get into my prepared outline, I basically think that your
7 questions were all of one variety or another of the same
8 theme.
9 First, was there indeed a due process violation in
10 this case? I think a subset of that question, what was the
11 nature of that due process violation because your Honor also
12 asked a number of questions that went to the question of how
13 might that due process violation have been avoided back in
14 2009. And then you also asked a number of questions about
15 what's the appropriate remedy were the Court to determine
16 ultimately that there was a due process violation.
17 And one of the things that your Honor indicated
18 that frankly troubled me and I want to address it right up
19 front, your Honor, seemed to suggest that the appropriate
20 remedy for a due process violation would be some semblance
21 of a do over. I think that was the phrase that your Honor
22 used, the do over. I must tell your Honor from the outset
23 that I am concerned about how one would effectuate a do
24 over.
25 In 2009 the ignition switch defect that we contend

1 GM knew about but failed to disclose, your Honor's phrase
2 failed to do a recall, but I think it goes deeper than that
3 and I'll get to that, was again something that had been
4 pending for seven full years. And if we're going to do a do
5 over how do we deal with the fact that in 2009 our new
6 purchaser, New GM, was going to maintain that silence, was
7 going to keep the ignition switch defect, which now we know
8 is a pervasive safety defect, was going to keep that secret
9 for another five full years? How in the context of a do over
10 do we deal with that 12-year history, seven years before the
11 sale, five years after the sale where there was a known
12 safety defect that GM failed to disclose? I don't know how
13 you'd do a do over in that context. If you did a do over,
14 would it impact your Honor's ability to give them a 363(m)
15 finding?
16 We also heard a lot about remedy and in the
17 context of remedy we heard a whole long discussion about
18 successor liability and does it apply and does it apply in
19 the general context and does it apply in the context of, and
20 this is critical, a car manufacturer. You didn't hear very
21 much about the fact that GM is a car manufacturer and how to
22 affects the law that ought to be applied in the case, but
23 I'll get to it.
24 Your Honor, if the order isn't enforceable, and
25 that's what we're here on, New GM's motion to enforce your

1 Honor's 2009 sale order, well if the order is not
2 enforceable for reasons I'll explain, then your Honor'
3 determination with regard to successor liability is likewise
4 not enforceable and it will be up to, not this court with
5 all due respect, but Judge Furman in the MDL or other courts
6 that have jurisdiction throughout the country to determine
7 what if any remedy is available to the plaintiffs if GM's
8 motion to stop them from prosecuting those complaints is
9 unsuccessful.
10 It'll be Judge Furman who decides if successor
11 liability applies. It'll be Judge Furman who decides that
12 that's between economic loss plaintiffs and people who were
13 involved in fatalities or serious in injuries there's a
14 difference qualitatively or quantitatively in terms of what
15 they're entitlements are.
16 And your Honor, I've got to start with one of the
17 last quotes that Mr. Steinberg gave you or statements that
18 he gave you here at the lectern because quite frankly I
19 found it astonishing.
20 In trying to convince your Honor that this is much
21 ado about nothing, these are economic loss plaintiffs, what
22 are we concerned about and it goes back to the whole notion
23 of a due process violation and what was known when, he said
24 that people drove for five years without filing a complaint.
25 People drove for five years without filing a complaint and

1 it brought to mind the Powledge case. I don't know if your
2 Honor remembers Powledge. That's the individual who with his
3 five children died in a car accident and GM's defense in
4 that lawsuit was the man committed murder/suicide.
5 Well that 2005 accident we now know was a
6 consequence of an ignition switch defect and a resulting
7 airbag non-deployment. Yeah, the family of the
8 murder/suicide victims didn't' appreciate that they had a
9 claim against GM.
10 THE COURT: Mr. Weisfelner, this is exactly the
11 argument that I told you at the outset was inappropriate and
12 it's particularly inappropriate because this is a personal
13 injury or death case for which if it happened post-petition
14 New GM is already on the hook for it and if it happened pre-
15 petition I have said, unless you're going to tune me in
16 wrong, that the courts have allowed the claims that could
17 have been filed then to do it.
18 I want to hear arguments on the law. Forgive me, I
19 don't want to hear theatrics.
20 MR. WEISFELNER: Alright. Your Honor, let's start
21 then with the first and most important issue for due process
22 purposes and that's that GM contends throughout its papers
23 and throughout its argument that all of the plaintiffs were
24 unknown creditors.
25 Now the second point is as a consequence of being

1 an unknown creditor, the publication notice that was
2 affected in this matter was sufficient. The third point they
3 raise is even if there was a failure of a notice and
4 deprivation of the right to be heard there was no prejudice
5 hence no due process violation or no appropriate remedy.
6 Their fourth point is if the asserted liability isn't
7 assumed within the terms of the sale agreement its
8 (indiscernible) retained and therefore enjoined and finally
9 New GM argues a default and therefore the remedy lies
10 against Old GM's residual estate and not against it.
11 Your Honor, we've had 160 pages of briefing and we
12 had the oral argument and aside from conclusory denials I'd
13 ask your Honor to ask yourself the question what record
14 evidence does New GM point to to support its contention that
15 the pre-sale plaintiffs were indeed unknown? There's
16 precious little in their pleadings I think that go to the
17 record.
18 In their opening brief they say that plaintiffs
19 point to the fact that a certain number of Old GM personnel
20 were aware that there were some reported incidents prior to
21 the 363 sale where the ignition switch malfunctioned. But
22 then they go on to argue that the mere possibility of
23 purported claims based on engineering issues being
24 investigated prior to the 363 sale does not make such
25 purported claims known.

1 In their reply brief they argue that Old GM had
2 not determined that there was a pervasive ignition switch
3 safety problem and that claims would inevitably be brought
4 against it. Now again, your Honor, I'm not going to go
5 through the numbers because I don't want to incur your
6 Honor's wrath again in terms of the number of fatalities and
7 serious injuries in the presale context which are all a
8 matter of record in the Feinberg protocol and reported on
9 the victim website. But we know today as New GM has
10 acknowledged that the ignition switch defect was indeed a
11 safety defect which necessitated a massive recall and an
12 admission by the head of New GM that some 15 as yet
13 unidentified employees were being fired for misconduct
14 because they, and this is a quote, "Simply didn't do enough.
15 They didn't take responsibility. They didn't act with a
16 sense of urgency. Something went wrong with our process and
17 terrible things happened." And still GM contends that the
18 plaintiffs were unknown.
19 What again GM has studiously avoided throughout
20 the course of these proceedings is the record evidence and
21 the applicable law that mandates a much different conclusion
22 as to what Old GM knew or as a matter of law what Old GM is
23 charged with having known about the ignition switch defect
24 at the time of the 363 sale. And I want to put all this into
25 context because there's one critical point that has to be

1 made and, your Honor, it serves in our view to distinguish
2 every single case relied on by New GM on the issue of what
3 they knew for purposes of due process.
4 In trying to determine what GM knew or is charged
5 with knowing as a matter of law it's critically important to
6 remember we're talking here about a car manufacturer, not a
7 financial services firm like Drexel or the department stores
8 like Caldor or an oil company like Enron or whatever
9 business in Virodyne or Agway or New Century was in.
10 Car companies, unlike all of those other
11 businesses, are mandated under federal law and a very
12 comprehensive regulatory scheme under the Safety Act and the
13 Tread Act to maintain certain books and records regarding
14 safety or potential safety issues. And it's those federal
15 mandated records that GM was required to consult.
16 Your Honor, asked a bunch of questions of Mr.
17 Steinberg. Are we just talking about the ledger? Are we
18 talking about the balance sheet? And Mr. Steinberg wasn't
19 prepared to go beyond the ledger, the balance sheet or a
20 listing of lawsuits that were filed. Your Honor, I want to
21 paraphrase Drexel because we're talking about a car company
22 and in a car company case arguments about all I need to do
23 is look at my ledger, my balance sheet, my list of lawsuits,
24 well that's even worse than pennies on the floor not worth
25 picking up, the quote from Drexel.

1 With that distinction in mind I think it's
2 important to catalog some of the evidence that constitutes
3 the record for these proceedings and since your Honor
4 started at the outset by telling us that in effect you think
5 that there was enough to require a recall by 2009, I'm not
6 going to go through all of it, but I do want instead to turn
7 to the conclusion. Not even the conclusion, I'm sorry, the
8 introduction of the Valukas Report. And just so the record
9 is crystal clear, your Honor knows we didn't get to take any
10 discovery in this action and as the Berman affidavit that
11 was submitted as part of our papers tells you discovery in
12 front of Judge Furman on the MDL, while it's been laid out
13 in connection with bellwether trials, that discovery doesn't
14 in effect even begin until some time in the future, isn't
15 schedule to reach any kind of conclusions until I think
16 phase one discovery runs through May. Phase two discovery
17 runs through October and depositions of former and current
18 employees, including those that were terminated because of
19 misconduct and because they didn't do enough and didn't act
20 with a sense of urgency, those depositions don't even begin
21 until after the phase one discovery is over.
22 So, what record do you have? Well, as your Honor
23 indicated in your prior order, the record in this matter
24 would include such information as would otherwise be
25 available in a Rule 7056 context. You got Mr. Berman's

1 affidavit. You got my affidavit and there are only two
2 things in my affidavit I want to highlight today. One is
3 Exhibit C, which was an August 2005 email from Laura
4 Andress, a GM engineer, to James Zito, another GM engineer.
5 And again, I'll paraphrase. She was talking about one of the
6 subject cars and the design of the ignition switch and what
7 she wrote in that email is, and I'm quoting, "I think this
8 is a serious safety problem, especially if the switch is on
9 multiple programs which this switch was. I'm thinking big
10 recall. I was driving 45 miles an hour when I hit a pothole
11 and the car shut off and a car driving behind me that
12 swerved around me. I don't like to imagine the customer
13 driving with their kids in the backseat on I-75 and hitting
14 a pothole in rush hour traffic. I think you should seriously
15 consider changing this part to a switch with a stronger
16 detent."
17 Now, your Honor, I'm going to turn to Exhibit B,
18 the May 29, 2014 report of Anton Valukas and what Valukas
19 tells us is that as a car manufacturer there were several
20 processes used by GM consistent with its obligations under
21 federal law to identify safety issues including what's
22 referred to as the TREAD Database and the PRTS or Problem
23 Resolution Tracking System database. And those databases are
24 supposed to contain all sorts of different information
25 including without limitation customer service requests,

1 repair orders from dealers, internal and external surveys,
2 field reports from employees who bought to test drove GM
3 vehicles and then captured information on what's referred to
4 as the CTF or Captured Test Fleet reports, complaints from
5 their OnStar center, which by the way had 365 cases of air
6 bag non-deployment reported in the 2005-2006 timeframe, and
7 a database maintained by GM's legal department to track
8 complaints in court or out of court.
9 What does a review of those databases tell us? And
10 again, I'm not going to go through the report in detail.
11 Your Honor has it as part of the record.
12 THE COURT: Yes and apropos to that, is your point
13 that Old GM should have issued recall notices before June of
14 2009, which as you properly observed, I already agree with
15 or is it a different point?
16 MR. WEISFELNER: It's a different point. It'
17 related, but it's different and I'll get to the point and
18 then I'll move on.
19 THE COURT: Get to the point and then put the meat
20 on it so I know the relevance of this other than to again
21 show me that New GM was bad, which you're already ahead on.
22 MR. WEISFELNER: Okay. Your Honor, my point is
23 this, that as a matter of bankruptcy law and as a matter of
24 due process concerns, what the cases tell us is that what
25 you're entitled to by way of due process is a function of

1 whether or not you are a known creditor or an unknown
2 creditor. My opponents take the position in trying to
3 enforce the 2009 order that due process wasn't violated
4 because the plaintiffs were all of them are unknown
5 creditors and for bankruptcy purposes and in terms of
6 asserting or determining whether or not you had a claim and
7 you were entitled to a certain level of due process, our
8 contention is that we were known creditors and it's not a
9 test of being forced to demonstrate what GM knew, rather
10 it's a matter of law in terms of what GM is charged with
11 knowing.
12 And GM as a car manufacturer is charged with
13 constructive notice the cases tell us -- constructive notice
14 of what's in their databases, what's in the TREAD database,
15 what's in the PRTS database. And your Honor I will tell you
16 that I think that there is a terribly important series of
17 cases that are cited in the Valukas report and they were
18 referred to in our papers and they are the report -- they
19 are the cases that are listed in Appendix A to the Valukas
20 Report.
21 And what those cases stand for is the proposition
22 that if there's a known safety defect a car manufacturer has
23 to report that to NHTSA and notify the owners. And by
24 statute we know that a defect is one that creates
25 unreasonable risk of an accident or a risk of injury or

1 death as a result of an accident. And we have a string of
2 cases there are cited to us in the Valukas Report starting
3 with U.S. v. General Motors, a district of DC case in '97,
4 and I can give you they cite. It's 565 F.2d 754, the jump
5 page is 760.
6 And in that case the court rejected the argument
7 that very few incidents were likely to occur in the future.
8 Like GM tells us that the ignition switch defect operated
9 properly for a majority of the owners. That argument was
10 rejected by the Court. It required GM to do a recall and its
11 argument was that from the beginning the part at issue there
12 didn't meet manufacturer's own standards for proper assembly
13 and absent notification will in the future cause at least
14 some operators and passengers to be confronted with a clear
15 danger. To the same effect as Dole v. Ford, the Porsche case
16 and the two other GM cases that are cited by Valukas.
17 But then we have to go on to look at two other
18 cases and in particular U.S. v. General Motors, an '83 case
19 which stands for the proposition that a car manufacturer
20 incurs a reporting obligation when it actually determined or
21 should have determined that a safety-related defect exists.
22 That's 574 F. Supp. 1047, the jump site is 1050.
23 THE COURT: Incurs an obligation to undertake a
24 recall.
25 MR. WEISFELNER: Yeah, whether it actually

1 determined or should have determined that there was a safety
2 defect and to the same effect is U.S. v. General Motors 656
3 F. Supp. 1555 out of the same court, a manufacturer can't
4 avoid its reporting requirements by intentionally failing to
5 reach a determination that a defect is a safety-related
6 defect.
7 THE COURT: So are you repeating all of this
8 because you're asking me to retreat from my tentatives that
9 I already agree with you?
10 MR. WEISFELNER: No, your Honor, again it's
11 because I'm trying to underscore the fact that if there were
12 a due process violation, and we contend there was because we
13 were known creditors, it gets us to the next issue and the
14 next issue is what manner of notice would have been required
15 as a consequence in order to avoid the due process issue?
16 And our point is if GM knew it had a safety defect then it
17 was required to give notice and since it and only it knew
18 it, it had to give notice of a type sufficient to advise the
19 claimant, not only that there's a bankruptcy proceeding and
20 a bankruptcy hearing at which your rights are going to be
21 affected, but here's the nature of your claim. Absent
22 telling people that there was a defective ignition switch in
23 their cars that was a safety defect by definition and could
24 cause the air bag non-deployment, making any accident you
25 were in even that much more severe, they could have visited

1 every single plaintiff and told them in person there's
2 bankruptcy hearing, there's a sale hearing going on and that
3 sale hearing may affect your rights.
4 Well, if I don't know what my claim is, how do I
5 know what my rights are that I need to protect? No form of
6 notice, either mailed, in person or by publication, is
7 sufficient to advise a creditor, who all these people were
8 at the time, and known creditors from GM's perspective, but
9 unknown from their own perspective that they had a claim
10 that was worthy of protection.
11 Nowhere does GM even attempt to address our
12 imputation cases. You didn't hear any of that in connection
13 with today's dissertation. Our imputation cases stand for
14 the proposition that imputation is proper, even if knowledge
15 was never communicated to senior management. Employees'
16 position within the corporate hierarchy is irrelevant for
17 imputation purposes as long as they obtained their knowledge
18 while acting within the scope of their employment and Old Gm
19 is charged with the collective knowledge of all of its
20 employees even if no single employee possessed all the
21 relevant knowledge or was individually responsible for
22 acting on it.
23 Now the best that can be said for the failure to
24 disclose what was a known safety defect and the fact that it
25 was a known safety defect is imputed to GM as a matter of

1 automobile law and general due process law in the bankruptcy
2 context, the best that can be said is that it was related to
3 the tremendous pressure that GM was under. And your Honor
4 asked the question about whether or not due process concerns
5 can change given the exigencies of the situation, the
6 melting ice cube, the need to conduct the sale before money
7 runs out.
8 Well, I think the cost issues infected GM's
9 decision. As the record reflects they were cutting costs
10 dramatically. That is part of the reason why the TREAD
11 database personnel were cut. The group charged with running
12 that database was paired down in the timeframe leading up to
13 the petition. But we think more insidious than the cost
14 issues was the cultural issues at play here. The record is
15 clear that personnel who tried to raise safety concerns
16 regarding the ignition switch defect got push back. There
17 was a fear of retaliation. You don't write reports using the
18 word stall, safety or defect and that comes from the quality
19 brand manager for the Cobalt cases themselves, cars
20 themselves.
21 Were these owners reasonably ascertainable? Based
22 on the record and based on the law the answer is yes. There
23 was no semblance of a diligent examination of GM's records
24 and database which they were required under federal law to
25 maintain which would have readily disclosed these creditors

1 and the nature of their claim. And there can't be any
2 question about GM's ability to identify the owners. Their
3 own stipulation of fact number 18 acknowledges that its
4 contract with R.L. Polk provided it with the ability to
5 obtain the names and addresses of vehicle owners.
6 And, your Honor, I couldn't do the math as quickly
7 as (indiscernible) could, but in their papers they told you
8 that direct mail notice would have cost $42 million, but
9 that's for the 70 million cars. I don't know what direct
10 mail notice would have cost to 27 million people that may
11 have been impacted by the ignition switch, but the point is
12 they could've gotten away with and they could have cured the
13 due process violation whether it was direct mail or
14 publication by letting people know what the nature of their
15 claims were, by telling people that were involved in
16 accidents or stall situations that we know why your car was
17 involved in those situations. We have a known safety defect
18 associated with out ignition switch. But they didn't.
19 There are two leading cases on the question of
20 whether or not these were known creditors don't help them.
21 Morganstern wasn't a due process case at all. The plaintiff
22 contended there was an undisclosed design defect that gave
23 rise to a fraud on the court and your Honor concluded that
24 the pleading requirements of Rule 9(b) had not been met.
25 Allegations that GM knew of the design defect were

1 conclusory, not supported by the evidence. Quite different
2 from our case.
3 Burton again is not really a due process case. The
4 Court didn't deal with our question, were claimants known or
5 unknown. The Court assumed the successor liability shield
6 was in place and the decision therefore is one of contract
7 interpretation -- what claims were assumed versus retained.
8 Your Honor, quite frankly, the content of your
9 Honor's sale order is irrelevant to parties to whom due
10 process was denied -- all of it including whatever your
11 Honor may have said or found or determined with regard to
12 successor liability. That's ultimately, if your Honor agrees
13 that our rights were impacted such that the order should not
14 be a bar to our pursuit of claims, are to be determined by a
15 court of competent jurisdiction.
16 Your Honor, Drexel tells us --
17 THE COURT: Which you're saying I'm not.
18 MR. WEISFELNER: Your Honor is not with regard to
19 the remedy that the plaintiffs seek in either of their two
20 consolidated complaints. Your Honor's role, I would suggest,
21 is to determine whether or not your Honor's sale order in
22 2009 serves as a bar to the prosecution of those litigations
23 which is obviously a core function of your Honor. It's your
24 order. It's yours to interpret. But I do think that because
25 there was a violation of due process, these were known

1 creditors who weren't given any semblance of notice that
2 would satisfy due process, those orders cannot be used to
3 bar prosecution of their claims.
4 Now, Mr. Esserman and Mr. Weintraub will talk
5 about something other than the presale plaintiffs and
6 especially those involved in the economic loss scenario.
7 Even those plaintiffs involved in the economic loss scenario
8 do have direct claims against New GM that, I respectfully
9 submit, were not intended to be and could not have been in
10 effect precluded by virtue of the sale order. This is an
11 effort by New GM to get a get out of jail free card. There
12 were direct obligations.
13 THE COURT: Well, forgive me Mr. Weisfelner, but
14 aren't both sides looking for a get out of jail free card?
15 You're looking for a get of jail free card on successful
16 liability provisions that were argued by different guys and
17 the GUC Trust says there are eight people in Mr.
18 Weintraub's. I don't know if it's that limited or not. But
19 all of the other people who were in car wrecks have
20 prepetition claims and the folks in Mr. Weintraub's group
21 who are asserting the same prepetition claims are saying
22 that they get a get of jail free card from a ruling that I
23 issued on exactly the same arguments were made back in 2009.
24 That's (indiscernible) and (indiscernible) Philadelphia
25 (indiscernible) and a bunch of others.

1 MR. WEISFELNER: And --
2 THE COURT: So let's try to be fully attentive to
3 the fact that it may be both sides in this case that are
4 overreaching.
5 MR. WEISFELNER: Well, your Honor, let me try my
6 best to address that because I understand your Honor's issue
7 with regard to the arguments that were made on successor
8 liability and, your Honor, all I'm suggesting is that were
9 your Honor to determine that the 2009 order does not bar
10 these plaintiffs from pursuing claims in courts of competent
11 jurisdiction on whatever theory they may ultimately espouse
12 it will be up to Judge Furman to decide whether or not
13 successor liability standards are met.
14 For all of the reasons Mr. Steinberg indicated, he
15 may very well conclude that the plaintiffs don't meet or
16 exceed the threshold pleading standards on successor
17 liability. I think they do. But beyond successor liability
18 theories, the plaintiffs in the presale cases have
19 recognizable claims that run directly against New GM.
20 Let's not forget, and this sort of goes back to my
21 thesis that you can't do a do over, for five years following
22 the sale, New GM failed to disclose what it knew, what it's
23 charged by law of knowing and that is that the ignition
24 switch defect in the presale cars was dangerous. That
25 failure to disclose is separately and independently

1 actionable and your Honor's sale order could not have,
2 should not have, and in our view did not as a matter of law
3 extend to provide New GM with a cleansing of liability for
4 whatever theory the plaintiffs may be able to assert that a
5 court of competent jurisdiction will ultimately determine is
6 valid or invalid.
7 And it's not just successor liability type claims
8 that the pre-sale plaintiffs would rely on. But because
9 there was a due process violation here the only effective
10 remedy, the only remedy that the case law tells us is
11 applicable, is that the order can't be enforced against
12 them. And the notion that we'd have to prove that we would
13 have a different result is first of all, not what the case
14 law provides. It's not what Fuentes provides and it's not
15 what the other cases we cited in our brief provides. There's
16 no such thing as a no harm no foul due process violation.
17 Beyond that, and the cases are legion that talk
18 about the impropriety of using hindsight or speculation to
19 determine what would have happened had we rolled back the
20 clock. What would have happened had treasury determined that
21 there was a five-year long cover up of a dangerous situation
22 involving a line of cars that had caused fatalities, that
23 have caused serious injuries, and I know your Honor doesn't
24 like to hear it, but it had an individual convicted of
25 manslaughter for killing her fiancé and other egregious

1 situations, had treasury that that was the fact and had
2 treasury been aware that the cover up would go on for
3 another five years, do I know whether or not playing chicken
4 with treasury at that point to get him to change their line
5 in the sand on what was commercially necessary for New GM to
6 survive, what sort of public firestorm, congressional
7 inquiries, attorney general investigations would we all have
8 been treated to in 2009 that we were treated to in 2014 that
9 may have impacted whether or not treasury, who again is a
10 functionality of taxpayer base and its taxpayers implicated
11 and affected by this cover up, what they would've done to
12 preserve GM and to avoid a liquidation.
13 It's just as reasonable to expect that they would
14 have changed the line in the sand they drew to include the
15 claims and only those claims that were impacted by the five
16 year known ignition switch defect safety defect that was
17 undisclosed by GM in violation of their obligations under
18 federal law.
19 I don't know what would have happened had those
20 facts been raised. With all due respect, I don't know what
21 your Honor knows for a fact what would have happened. That's
22 why the case that tells us don't speculate. Don't take a
23 hindsight view. It's enough if due process was violated.
24 We're not going to go through the process of attempting to
25 do a do over, especially in this case because I think a do

1 over would require us to in effect go back to the future
2 again to figure out whether or not they'd be entitled to a
3 363(m) order if we know in advance they're going to maintain
4 the cover up for another five years.
5 Your Honor again, I don't need to remind your
6 Honor what the briefs say on whether a creditor who is
7 notified of the bankruptcy or is aware of the bankruptcy is
8 in the same position with regard to their claim if they're
9 never told about the claim as a creditor who has notice of
10 the claim, but not of the bankruptcy. That's Waterman,
11 that's Tillman and they haven't told you any cases that
12 stand for any different proposition.
13 Again, as the Second Circuit in Chateaugay
14 teaches, to expect claims to be filed by those who have not
15 yet had any contact whatsoever, what the tort fees are, has
16 been characterized as absurd. Mr. Steinberg argued that
17 well, but you did have contact with GM -- you bought the
18 car. Well, but no one told me that the car I bought had a
19 hidden, known but undisclosed safety defect so how did I
20 know I was supposed to file a claim?
21 And your Honor, I will tell you that I don't think
22 it's necessary to spend a lot of time on the contention
23 asserted by GM that somehow 363 sales provide some sort of
24 due process exception. A proposition of claims is supported
25 by the Edwards case. I think Mr. Steinberg made reference to

1 Edwards by my count seven times during his oral argument out
2 of the Seventh Circuit and his brief they also cite to the
3 Paris case out of the District Court of I think it was
4 Maine.
5 Well, your Honor, obviously neither Edwards nor
6 Paris is controlling. Both have been criticized if not
7 overruled in the case of Paris, and Edwards was criticized
8 in a number of cases including Excel Concrete, Savage
9 Industries and the Second Circuit has only recently
10 reconfirmed the applicability of due process concerns in
11 bankruptcy proceedings in the Colt case.
12 And your Honor, our brief had a laundry list of
13 due process cases in the 363 context, five of which your
14 Honor pointed out. But in addition to those five, you have
15 National Type, Folger, Excel, Savage Industry, Reiner in
16 addition to the Metzger case that your Honor pointed out,
17 Compak and the others. There's also Schwinn Cycling and
18 Ninth Avenue v. Remedial Group -- all of which stand for the
19 proposition that due process pertains in a 363 sale
20 notwithstanding the need for finality, notwithstanding the
21 circumstances that generally surround the 363 sale. And of
22 course, your Honor, you then have Grumman. And lest there be
23 any confusion, we collectively represent not only plaintiffs
24 in the presale complaint, but plaintiffs in the post-sale
25 complaint and the point that was made in our papers and in

1 particular in the GUC Trust papers that at least as to
2 people that didn't buy a car until after the 2009 order was
3 entered, no way to give those people notice. They weren't
4 contingent creditors. They were the future creditors that
5 Grumman spoke to and they couldn't have gotten adequate
6 notice and as a consequence as a matter of due process the
7 2009 were cannot be read against them.
8 What remedies they may ultimately have for the
9 injuries they complain of will be determined by a court of
10 competent jurisdiction. And, your Honor, you did cite the
11 Lane Hollow in your opening questions. We think Lane Hollow
12 and Fuentes are the cases on you don't look for prejudice.
13 There's a, in effect to ask a question about whether or not
14 in that particular case due process would have led to a
15 different result is not the issue that we're supposed to be
16 focusing on. We're supposed to avoid hindsight and pure
17 speculation.
18 Your Honor, as I think about it the prejudice, if
19 one wants to focus on it, in this particular case is very
20 acute. Not only didn't we have the opportunity in effect to
21 convince treasury that under the egregious and special
22 circumstances of this case their line should have been
23 moved, but so much has been written about and so much talked
24 about cases in 363 where listen, understand that what we're
25 doing is we're converting your claims against the debtor

1 into a pot of proceeds that came to use from the sale and
2 when you think about it, if your claims get to attach to the
3 proceeds and otherwise in the absence of the sale there
4 would have been a liquidation and proceeds to realize, how
5 you really prejudice.
6 Well, the amazing thing about this case that no
7 one seems to focus on, or at least New GM doesn't in its
8 papers, is the bar date followed the sale by a period of
9 time. By the time the bar date showed up no one at Old GM
10 and nobody at New GM who is now in possession of all of the
11 books and records, the same books and records that is the
12 matter of federal law, mandated the conclusion that they
13 knew there was a safety defect with regard to the ignition
14 switch defect, told any of the plaintiffs listen, now we're
15 down to the bar date, this is real serious stuff. 363 we
16 could, your Honor, not pay that much attention to because
17 there are exigencies and we've got melting ice cubes and
18 we've got to sell fast, but here's the bar date. So now
19 we're really going to make sure that you know about your
20 claims so that you have the right to attach yourself to the
21 proceeds. That didn't happen in this case, judge. And if
22 we're going to do a do over, I would assume part of the do
23 over is we get a record that would make sure that claimants
24 knew the nature of the defect, knew what their claims were,
25 had an opportunity to assert a claim.

1 The barn door has been open for an awfully long
2 time. The amount of value in the GUC Trust has been
3 substantially dissipated. Our opportunity to get back into
4 the fold and realize the same pro rata distribution as other
5 affected general unsecured creditors doesn't exist through
6 no fault of our own.
7 THE COURT: Well, when you say no fault of your
8 own, this is a good time for you to answer the question I
9 asked at the outset which is that when Ms. Rubin and her
10 clients made it pretty clear that there was going to be an
11 upcoming distribution you didn't act.
12 First of all, I assume that you're not disclaiming
13 notice or of the fact that there's court where you could
14 have made an application to me to block that distribution
15 and most likely gotten it in a heartbeat.
16 MR. WEISFELNER: And most likely have --
17 THE COURT: Got me to tell Ms. Rubin to wait
18 before making further distributions in a heartbeat.
19 MR. WEISFELNER: It wasn't an easy decision and
20 not one that was decided by me or my office. In point of
21 fact the fact of the impending distribution was first
22 brought to us, if I recall, by New GM's counsel and New GM's
23 counsel suggested that we may want to seek to hold up that
24 distribution and our reaction was well don't you have an
25 obligation as well since you're saying that the remedy that

1 the Court ought to fashion is against New GUC Trust, why
2 isn't it your obligation to seek the Court's intervention to
3 hold it up and in fact there was correspondence that was
4 crafted and sent to Ms. Rubin and her clients which
5 suggested that it would be inappropriate for her to make
6 that distribution.
7 And, your Honor, there was a consideration of what
8 the standards were for injunctive relief and I appreciate
9 after-the-fact your Honor telling us that we would got it in
10 a heartbeat, but there was concern about the cost and
11 expense associated with meeting the preliminary injunction
12 standards.
13 Now, I will also tell your Honor, lest you
14 continue to look at me like I have two heads, yes there was
15 a strategic element to the decision that was taken on our
16 side. That's my point of view. It's kind of disingenuous,
17 one would have argued within the confines of the attorney
18 client privilege, but you can assume that the argument went
19 something like we're taking the position that we're not
20 required, to pursue to the exclusion of every other remedy,
21 our claims against the GUC Trust. So now to prevent the GUC
22 Trust to making what amounts to a diminimous distribution in
23 light of the totality of the consideration that they ever
24 had and we had a very short window of time after they told
25 us that they weren't going to voluntarily stop, yes your

1 Honor, the decision was made not to pursue it.
2 THE COURT: You're not seriously suggesting to me
3 that in your fairly illustrious career you've never been
4 able to get out a TRO request in this kind of time.
5 MR. WEISFELNER: Your Honor, again, it wasn't a
6 function of whether we could get out a TRO request, it was a
7 function of whether or not we'd prevail. And, your Honor
8 again, hindsight is 20/20 and there were many people on our
9 side of the table that thought that a TRO was appropriate.
10 There were people at New GM that at one point thought a TRO
11 was appropriate and for better or for worse for strategic
12 reasons or otherwise the fact of the matter is that we did
13 not attempt to prevent the GUC Trust from making a
14 distribution.
15 That doesn't change the fact that by the time of
16 the recalls, by the time the plaintiffs got organized and
17 began their litigation, by the time we were retained in this
18 case, a substantial majority of the funds originally in the
19 GUC Trust had been dispersed to GUC Trust beneficiaries and
20 it would have been impossible or very close to impossible to
21 put the ignition switch defect plaintiffs back in the same
22 position they would have been in had they been given enough
23 information to file a claim before the bar date.
24 And, your Honor, all of that says nothing about
25 the contention, with which we disagree, that the GUC Trust

1 has raised with regard to equitable movements. Your Honor,
2 again, we are not seeking a reversal or a modification of
3 your Honor's order or the 363(m) finding, although once
4 again if we were doing a do over and we were to know in 2009
5 everything we know today, I don't know how you'd take into
6 account the fact that New GM would for a period of another
7 five years fail to disclose what by law it was charged with
8 knowing constructively or actually about the ignition switch
9 defect and how that may have impacted your Honor's
10 determination.
11 The lack of notice and an opportunity to be heard
12 is what makes the plaintiffs not bound by the sale order and
13 free to pursue their state law claims against New GM. Now, I
14 also have to point out that the claims regarding cars
15 manufactured and sold by new GM, I think new GM concedes are
16 not subject to this sale order, and claims regarding cars --
17 THE COURT: Say that slower, because it’s a matter
18 of considerable importance.
19 MR. WEISFELNER: All right.
20 THE COURT: Which claims are not subject to the
21 sale order?
22 MR. WEISFELNER: Claims regarding cars that were
23 manufactured and sold by new GM.
24 THE COURT: Oh. I think that’s right. Mr.
25 Steinberg can confirm that, but I thought that has never

1 been an issue.

2 MR. WEISFELNER: Well, I think I heard him say

3 that, to the extent that new GM sold a car, but it contained

4 a part designed or manufactured by old GM --

5 THE COURT: That's a different issue because the

6 order said cars or parts, and that is what I was asking both

7 sides to focus on.

8 MR. WEISFELNER: Yeah, and again, Your Honor,

9 again, by way of demonstration of prejudice, I think, that

10 had the Plaintiffs known about the ignition switch defect,

11 known it had been around for five years, known that it was a

12 safety defect, known that it caused airbag non-deployment,

13 known that the part may be continued to be installed in cars

14 that were going to be sold by new GM, we would have pressed

15 for an appropriate carve out in the sale order to insure

16 that a known safety defect not be replicated and continue to

17 be incorporated into cars that are about to be sold. Using

18 a switch with a known safety defect was new GM's choice, and

19 new GM bears liability for that decision.

20 THE COURT: To what extent to I have evidence in

21 record telling me the extent to which old GM ignition

22 switches were stuck in new GM cars, or installed in new GM

23 cars? That was one of the things I was trying to grope at

24 in my earlier questions.

25 MR. WEISFELNER: Your Honor, to be frank with you,

1 I don't know what the record is about new GM cars that had
2 old GM ignition switches, which is either purposefully or
3 accidentally installed in them. They were switched out at a
4 third-party repair place. And frankly, I would think that
5 that sort of inquiry, that kind of discovery, would take
6 place at the MDL and would ultimately be determined as a
7 matter of fact by Judge Furman. But sitting here today, I'm
8 afraid I can't tell you because I don't know any part of the
9 record that tells us how many new GM vehicles had old GM
10 parts. The other point to make, I think, Your Honor, is
11 that these Plaintiffs hold the claims under state --
12 THE COURT: Which Plaintiffs?
13 MR. WEISFELNER: Primarily, the Plaintiffs in the
14 post-sale complaint, hold claims under state consumer
15 protection laws, arising out of new GM's failure to comply
16 with its obligations under the Safety Act. Doesn't require
17 us to be private Attorney Generals under the Tread Act or
18 the Safety Act. Rather, as is contended in the complaint,
19 and in some of the complaints filed, for example, in Arizona
20 and California by various Attorneys General, it is the
21 violation of Federal law, which is a predicate for the
22 contention that there has been a violation of State consumer
23 laws, and I don't think that new GM got, saw to get or, Your
24 Honor, intended to give them a pass on their post-sale
25 alleged violations of consumer protection laws in the

1 various states.

2 Your Honor, my bottom line point is, and I think,

3 again, this sort of gets down to a policy question, and Your

4 Honor, I agree that we need to be concerned about what gets

5 said and done about 363 sales, especially 363 sales that are

6 done in emergent situations, for Debtors that are on the

7 verge of dissolution in the absence of the only deal that's

8 being made available to them. But I do think that this is a

9 very, very narrow carve out. We are looking for a situation

10 where we have a Debtor, a car manufacturer, who knows and is

11 charged with constructive knowledge, that it has put into

12 the marketplace, and on the highways and byways of this

13 country, cars with a known safety defect. And in that

14 context, in order to have the 363 sale happen, with parties

15 being able to protect their rights, they've got to give

16 adequate notice of the existence of the claims that arose as

17 a consequence of having sold those cars with a known safety

18 defect, and the failure to give that notice, whether it be

19 by publication or direct mail, is an unremedial violation of

20 due process. The notion that you have to show prejudice,

21 it's not in the case law. Talk about being bound by Second

22 Circuit authority, it's not in the Supreme Court authority.

23 You don't have to show prejudice. The prejudice cases they

24 talk to you about are all cases that say, "You can glom onto

25 the proceeds of the sale."

1 That's chutzpah in this case, Judge, with all due
2 respect, because roll forward to the bar date. These
3 Plaintiffs were in no better position to file a claim based
4 on what GM knew and failed to disclose. So how can you say,
5 "No harm, no foul, you just attach to the proceeds" when I
6 couldn't attach to the proceeds because I didn't know I had
7 a claim. And the same can be said, by the way, for the
8 discharge of the case, or the discharge of the company, when
9 the case confirmed.
10 THE COURT: Well, time out. I take it we agree
11 that there's no discharge in a liquidating 11.
12 MR. WEISFELNER: We agree that there's no
13 discharge on a liquidating 11.
14 THE COURT: So what discharge are you making
15 reference to?
16 MR. WEISFELNER: Your Honor, I'm just talking
17 about from a policy perspective, to have a Debtor who sells
18 assets and continues on in business, not our -- not this
19 case. So I won't focus on it. I'll just focus on the fact
20 that the prejudice that befell our clients was multifold,
21 and can't be remedied. First of all, to the extent that you
22 followed the cases, and I think you have to, that says that
23 a due process violation doesn't require a demonstration of
24 prejudice. You don't have to show that you would have won.
25 Couple that with the fact that it's our position that, had

1 the firestorm that we saw happen in 2014, because of the 12-
2 year non-disclosure of the safety defect, been on the record
3 as of the time of the sale hearing, I believe it's just as
4 reasonable to suspect that the line drawn in the sand by the
5 Treasury would have changed. And the last form of
6 prejudice, I think, that we can't overlook is the fact that,
7 come the bar date, new GM or old GM continued to fail to
8 give us any indication that we had claims based on a known
9 safety defect that existed in all of the cars, that they
10 refused to give anybody notice of, and they were charged
11 with knowing it as a matter of law. Your Honor, I want to
12 reserve enough time for both rebuttal and for my co-counsel.
13 THE COURT: Well, let me hear from Mr. Esserman
14 and Mr. Weintraub next.
15 MR. WEINTRAUB: Good morning, Your Honor. Between
16 Your Honor's questions and Mr. Weisfelner's presentation,
17 I've been taken way off of my outline, so I'm going to try
18 to address some of the things that Mr. Weisfelner --
19 THE COURT: All right, let me interrupt you for a
20 second --
21 MR. WEINTRAUB: Sure.
22 THE COURT: -- Mr. Weintraub, and to help guide
23 you. I would like you to help me understand what are the
24 things you're talking about, also what categories they're
25 in. Are they people who never got to get any kind of claims

1 in against old GM, or were they those, like, a separate
2 pleading that I got after most of all of the briefing was
3 done, are looking for the opportunity to re-negotiate
4 settlements because their cases may have been stronger than
5 they thought they were, or are they in some further
6 category? I think you're ahead, subject to Ms. Rubin's
7 ability to be heard on the fact that you might be entitled
8 to some kind of (indiscernible) style relief, and the
9 opportunity to file claims if you didn't get to do that, but
10 you're still behind on your ability to go after new GM
11 because other people very similarly situated made these same
12 arguments you're making about successor liability and they
13 lost. So, argue accordingly.
14 MR. WEINTRAUB: Sure. Well, let me start with
15 what I think was the first question, Your Honor. We think
16 the number is at least 150 people. I don't know where they
17 four or eight people came from. One of the actions filed in
18 front of Judge Furman is an action that was filed by Robert
19 Hilliard that covers 140 people and that's just --
20 THE COURT: Okay. And those are 140 people joined
21 rather than a class action?
22 MR. WEINTRAUB: I think that was filed as a class
23 action, actually, Your Honor.
24 THE COURT: Okay, a class action to get into
25 adjudication on the common issues, and then to deal with

1 their individual specific ones thereafter?
2 MR. WEINTRAUB: That's what I think, Your Honor.
3 There's an exhibit to that complaint. The complaint alleges
4 they're all pre-sale accident victims. Some of them are
5 fatalities, some of them are injuries, all of them, as I
6 said, occurred before the sale hearing.
7 THE COURT: And pause once again, my apologies.
8 MR. WEINTRAUB: I'm sorry?
9 THE COURT: I assume that under Reading Vs. Brown,
10 a narrow subset of your group, if any are in that category,
11 if they were hurt after the filing on June 1st, 2009, but
12 before the sale, they'd have admin claims against old GM,
13 but they'd still be claims against old GM.
14 MR. WEINTRAUB: Your Honor, our position is that
15 we don't think we should be barred by the successful
16 liability shield, with respect to the legal point you're
17 making, that may be correct. I don't represent any of those
18 parties, so I don't have the particulars of those cases to
19 know whether or not anybody fell within that, that --
20 THE COURT: That window, so to speak.
21 MR. WEINTRAUB: Right. But, Your Honor, with
22 respect to what Mr. -- if I'm pronouncing his name
23 incorrectly, I apologize - Jakubowski argued, Mr. Jakubowski
24 argued lack of subject matter jurisdiction, and he argued
25 that, as an academic issue, not as a -- based upon what was

1 actually going on, or the undisclosed issues in the case.
2 So what Mr. Jakubowski was arguing was, this Court did not
3 have subject matter jurisdiction. You had ruled, in your
4 sale order, that you did have subject matter jurisdiction
5 because you could sell free and clear of in personam claims
6 under Section 363(f), you relied on Chrysler, which in turn
7 relied on TWA, and the District Court on appeal, even though
8 that appeal was dismissed as being moot because Mr.
9 Jakubowski did not try to get a stay pending appeal, did go
10 to the merits and say, "We've looked at this issue, and we
11 think that there was subject matter jurisdiction." We are
12 not questioning subject matter jurisdiction. That ship has
13 sailed.
14 Our issue is completely and solely the due process
15 issue of whether or not we should be bound by the successor
16 liability shield, and the reason that we don't think we
17 should be bound by the successor liability shield is because
18 we were unaware of the ignition switch defect that had a
19 seven-year history within old General Motors. And I won't
20 repeat everything that Mr. Weisfelner said, but there are
21 internal reports, there was as we noted in our brief, the
22 Wisconsin State Trooper report which actually figured out
23 the connection between the airbags not deploying and the low
24 torque in the ignition switch, and that was all in old GM's
25 files. We think that everyone who had that -- the affected

1 vehicle, had an ignition switch defect, because that defect
2 was in the DNA of every one of those manufactured vehicles.
3 So, as Mr. Weisfelner said, you've got this group
4 of potential Plaintiffs that all had that ignition switch
5 defect, and they all had a right to have that car repaired.
6 We're in a special subgroup of that. Not only did we have
7 that defect, but that defect manifested itself in the form
8 of an accident. And clearly, because we had an accident, we
9 were aware that we had a claim. What we were not aware of,
10 Your Honor, was that causation was due to the ignition
11 switch defect, that the ignition switch defect was the fault
12 of General Motors. Causation and fault --
13 THE COURT: Pause, please. In substance, you're
14 saying you knew you had a claim, but you didn't know how
15 strong your claim was.
16 MR. WEINTRAUB: I knew -- let me amend that. I
17 knew I had an accident. I didn't know why I had it. It
18 could have been my fault, it could have been an act of God.
19 What GM knew, what we contend GM knew, was it was the result
20 of the ignition switch defect, which it knew was in the
21 vehicle, and which it knew was in the vehicle before I had
22 the accident. Not only did they not tell me about the
23 ignition switch defect before I had the accident, they
24 didn't tell me about that defect after I had the accident.
25 Had I known about that ignition switch defect, that sale

1 hearing would have been a very different hearing, and as Mr.
2 Weisfelner said, you can't get in your time machine and see
3 what would have happened and that's why the Court shouldn't
4 speculate.
5 We had a different analogy in our complaint, and
6 we said imagine the firestorm that would have occurred had a
7 whistleblower on the eve of the sale hearing come forth with
8 all of the information in the DeLuca report. And that's why
9 we contend that it's unknowable what would have happened at
10 the sale hearing, it's unknowable what the Federal
11 government would have done. Would the Federal government
12 have continued to try to ram through a sale free and clear
13 of successor liability, knowing that this ignition switch
14 defect had been withheld from the public and from vehicle
15 owners for seven years? That's speculative, but I think we
16 should get the benefit of the doubt on that, and the
17 inference on that.
18 Why? It's very clear, Your Honor, that any sale,
19 notices are a very important issue for the due process
20 reasons. Notice was that, the timing of the sale, the form
21 of the sale motion, the form and content of the notice, were
22 all controlled by both new GM and old GM. This case
23 wouldn't have filed when it filed unless the government
24 said, "We're ready to file." This sale motion was set on
25 the government's timetable. In any sale, notice is

1 important, not just to the seller because the seller has the
2 information, but because the notice is critical to the
3 buyer. It's the buyer that wants to bind people with the
4 results of the sale hearings, and either new GM or Treasury
5 or whoever was lackadaisical, lazy, negligent or didn't
6 care, but they should have been, just like any other
7 commercial buyer is, in any other sale that I've ever been
8 involved in, very involved in making sure that that form of
9 notice and the scope of the notice is adequate.
10 What should have the notice said here? The notice
11 should have said, there's an ignition switch defect in these
12 vehicles. This ignition switch defect causes unexpected
13 stalling, which would result in loss of power to the
14 steering, loss of power brakes and the inability of the
15 airbags to deploy. With that information, people would have
16 been able to come to Court and make an effective argument
17 against successor liability. What kind of arguments would
18 people have made against successor liability? Clearly,
19 unclean hands would have been an issue. Clearly, whether or
20 not it would be equitable to sell free and clear of
21 successor liability claims in circumstances like this one,
22 where the buyer had -- I'm sorry, the seller had withheld
23 the information for seven years before the sale. This would
24 have been a maelstrom of a hearing, even much more
25 contentious than the hearing that we actually had. And by

1 saying that new GM gets to hide behind the sale order, let's
2 think who was involved in putting together the notice in the
3 first place. The notice was put together by old GM. What
4 old GM knew was a nanosecond after the sale closed, it was
5 going to be come new GM. It wanted nothing more than to
6 leave these liabilities behind, so it didn't disclose. Not
7 only did it not disclose, it wasn't disclosed for another
8 five years after that.
9 So you would be rewarding the conduct of old GM as
10 it morphed into new GM by saying that new GM is not subject
11 to these successor liability claims. You've got the very
12 same people that populated old GM and were investigating the
13 ignition switch defect, are now populating new GM. It's
14 efficient to say that they're separate companies and that
15 there's no connection between old and new GM. There's a
16 very close connection between old and new GM, and to reward
17 new GM, which is just old GM in a new bottle, for the lack
18 of disclosure, would be inappropriate, in our view. Which
19 again, is one of the reasons why, if you're going to go and
20 look at prejudice, which, as Mr. Weisfelner says, and we
21 agree, is not something that the Court weighs when you're
22 looking at a due process violation, I think the due process
23 violation is just being deprived of the opportunity to be
24 heard in a meaningful way when it matters. That was the
25 violation. Not that we would have won anyway or we would

1 have lost anyway. We were deprived of the opportunity to
2 make our best arguments when they really mattered. But the
3 reason that it's not prejudicial to new GM is, like I said,
4 new GM could have been more involved in the notice and it
5 wasn't, and new GM is populated by the same people as old
6 GM. So, when you weigh the equities here, we think the
7 equities weigh in our favor. In terms of the Manville
8 remedy, this is not a Rule 60(b) proceeding. My clients
9 didn't make a motion. I didn't file a motion. Mr.
10 Weisfelner didn't file a motion. GM filed a motion to
11 enforce --
12 THE COURT: Yeah, pause, please, Mr. Weintraub.
13 If we were looking only at the face of the order that Mr. --
14 MR. WEINTRAUB: Steinberg?
15 THE COURT: No -- but I was thinking of somebody
16 else, but it is Mr. Steinberg.
17 MR. WEINTRAUB: That's (indiscernible), Your
18 Honor.
19 THE COURT: But Mr. Steinberg is trying to
20 enforce. Mr. Steinberg wins. Your point and Mr.
21 Weisfelner's point, and I suspect it will be Mr. Esserman's
22 point, is that I can't limit the analysis to what the sale
23 order says, that it may be the start, but it's not the end
24 of the discussion. So then, I have to see, at least focus
25 on the extent to which Mr. Steinberg should lose not the

1 standing -- what his sale order says, and then the issue is,
2 not so much a matter of constitutional law, but Federal
3 civil procedure and its bankruptcy procedure counterpart, as
4 to whether the second phase of that enquiry, blowing away
5 the order, requires attention to 60(b), and its bankruptcy
6 cousin, 9024. So, I'm not persuaded that your failure to
7 invoke 60(b), or Mr. Weisfelner's or Mr. Esserman's, is
8 conclusive. What Mr. Steinberg is saying in substance is,
9 "Hey, you guys, once you're asking me to look at the pha --
10 asking the Judge to look at the phase II part of the
11 inquiry, you've got to turn to 60(b) doctrine." Help me
12 with that.
13 MR. WEINTRAUB: Sure. Let me start with the first
14 thing you said, which, if you apply the terms of the sale
15 order, we lose. The sale order was based on an incomplete,
16 deficient record. You can't look at the sale order, you
17 can't look at the findings that were made in July of 2009
18 and ignore what was going on and not disclosed to the Court
19 from 2002 to 2009. You just can't. The DeLuca report tells
20 you that there was a whole lot of stuff that you didn't
21 know, that may have changed your mind in July of 2009. So,
22 saying that the order should be applied in accordance with
23 its terms without regard to all of the undisclosed
24 information really, to me, Your Honor, doesn't make sense
25 and it's not equitable. And in terms of Rule 60(b), we are

1 not required to pursue a particular remedy. The remedy that
2 we have pursued is the remedy that the Second Circuit has
3 given to us in Manville, and the remedy in Manville, didn't
4 require Rule 60(b). It didn't require a Rule 60(b)
5 analysis, it didn't require a showing of prejudice. It just
6 said, "If you didn't get constitutionally sufficient notice
7 of the order. You're not bound by the order."
8 THE COURT: Well, let's talk about that --
9 MR. WEINTRAUB: If I could just --
10 THE COURT: Pause for a second. It didn't say
11 whether or not you had prejudice, but Chubb in that
12 situation was plainly prejudiced. That was a no-brainer,
13 wasn't it?
14 MR. WEINTRAUB: And Your Honor, I know you're
15 going to disagree with me, I was plainly prejudiced too,
16 because but for that successor liability shield, I had a
17 successor liability claim that I could have asserted against
18 new GM. Maybe I would win, maybe I would lose. Mr.
19 Steinberg says there is no merit to those claims because
20 he's focusing on mere continuation. There are other
21 theories of successor liability, including product line
22 cases which would apply to my clients because they were
23 injured, and there is a fraud exemption, and there are all
24 kinds of penumbras to fraud, and one of the penumbras may be
25 the non-disclosure of the ignition switch defect for seven

1 years, so it's putting the cart before the horse to say I'd
2 lose on successor liability. My point is that I was never
3 given the chance to, number one, oppose the successor
4 liability shield at a time when my opposition would have
5 mattered, before the transaction closed, and I was -- and
6 because of the sale order, I am now precluded from ever
7 bringing that successor liability claim. So what I lost, as
8 you said earlier, was a collateral source. And we were
9 talking about the successor liability cases being -- and
10 Amaro in particular, which I can get to in a minute. When
11 you were talking about Amaro, you said you disagreed with
12 the underlying premise that those claims belong to the
13 Debtor, and in fact, probably did belong to the individual
14 claimants. When this sale closed, I would have had a
15 successor liability claim, but for that shield. And another
16 important point, because this is kind of stream-of-
17 consciousness at this point, when you get to Section 363(m),
18 what Section 363(m) -- and I know this is not appeal, but
19 Mr. Steinberg argued the policy of 363(m). When you get to
20 Section 363(m), Section 363(m) does not bar appeals. What
21 Section 363(m) says is, reversal or modification on appeal
22 does not affect the validity of a sale. What happened in
23 this sale was much more than the mere transfer of title.
24 This sale had another very shiny Christmas tree ornament
25 sitting on it, and that Christmas tree ornament was the

1 successor liability shield. So, even if this was an appeal
2 and a Section 363(m) situation, I don't think anybody is
3 arguing that no matter what you throw into a sale order, it
4 can't be reversed on appeal. The language of 363(m) itself
5 anticipates a reversal or modification on appeal, because it
6 says a reversal or modification on appeal does not upset the
7 validity of the sale. So, my point is, Your Honor, that
8 there are lots of things that happen in a sale that are not
9 part of the transfer of title. I don't disagree that it was
10 not a condition set up by the Treasury that it be free and -
11 - that the sale be free and clear of successor liability,
12 but you can't trump someone's due process rights by putting
13 conditions into a contract by making the agreement
14 convoluted, by saying that it's too expensive to give 70
15 million people first class mail notice. From our
16 perspective, they could have done a lot of things to give us
17 notice. Even though we were known Creditors and entitled to
18 first class mail notice, publication notice, which
19 identified the nature of the defect and the effect of the
20 successor liability shield on injured people would have been
21 sufficient, we think, and that's the difference between what
22 happened in the Waterman case, because in Waterman, what the
23 Court held was that people who had not yet exhibited
24 symptoms could not be bound by a sale -- published sale
25 notice that didn't even mention asbestos. What this Court

1 did in Chemtura in order to bind people who had not yet
2 developed symptoms but had been exposed to the chemical was,
3 this Court required very targeted notice that was explicit -
4 -
5 THE COURT: Yeah, but as you know, when you're
6 talking about this Court, Mr. Weintraub, that wasn't just
7 the Southern District of New York, that was Gerber.
8 MR. WEINTRAUB: Well, that's what I meant by this
9 Court, Your Honor.
10 THE COURT: And if a Judge tries to implement what
11 some, in other environs, call best practices, that doesn't
12 necessarily provide the yardstick by which constitutional
13 due process is measured.
14 MR. WEINTRAUB: Your Honor --
15 THE COURT: Now, Chemtura was a reorganized Debtor
16 case and was also an objection to claim case, and I wonder,
17 for those reasons, whether what I thought was a good idea in
18 Chemtura, and I later learned that my good idea was good
19 enough to measure what was satisfactory due process provides
20 the yard stick.
21 MR. WEINTRAUB: So did Judge Furman, Your Honor.
22 THE COURT: I'm sorry?
23 MR. WEINTRAUB: So did Judge Furman.
24 THE COURT: Yeah, I think he was the guy who
25 referred me on it.

1 MR. WEINTRAUB: He did. He liked what you did.
2 THE COURT: Okay. But how much does that help us
3 here?
4 MR. WEINTRAUB: I think it helps us here, Your
5 Honor, because it informs a kind of notice that we think
6 should have been given, either by first class mail or by
7 publication notice, and you know, we're knocking ourselves
8 out with hypotheticals. Let me give you a hypothetical.
9 What if --
10 THE COURT: Time out. You can ask yourself the
11 hypothetical, but part of the rules that we go under is that
12 you can't give me a hypothetical.
13 MR. WEINTRAUB: Okay. I'll give myself a
14 hypothetical.
15 THE COURT: Okay.
16 MR. WEINTRAUB: If I were the Judge in the General
17 Motors case and GM had filed a notice of sale with me, and a
18 motion to approve the form and content of notice and said,
19 "Oh, by the way, we've got this little ignition defect --
20 switch defect problem. We've been working on it for seven
21 years. 30, 40 people have been killed, been a bunch of
22 accidents, we want to sell free and clear of that and we
23 want to bar successor liability claims. We don't want to
24 say in our sale notice there's an ignition switch defect
25 that causes unexpected stalling and loss of power steering

1 and power breaks and airbag disengagement. That's just too
2 much information. You know, those four or five sentences,
3 that could add maybe $1000 dollars to our mailing. So Your
4 Honor, Mr. Weintraub, Judge Weintraub, would you approve
5 this form of notice as being good and sufficient, even
6 though we don't mention the ignition switch defect?" I
7 don't think I would have done that, Your Honor. But
8 unfortunately, I think that's the equivalent of what
9 happened here. We think that's a violation of due process,
10 and we think it's unfair. Can I address Amaro for a moment?
11 THE COURT: Oh, sure.
12 MR. WEINTRAUB: Unless you have other questions
13 for me. I was thrown off by --
14 THE COURT: No, that -- I -- I think, based on
15 what I said before, if we're talking about the same case,
16 you may be ahead on it, but if you want to talk about it, go
17 ahead.
18 MR. WEINTRAUB: Well, the only point I want to
19 make on Amaro, because if I'm ahead, I should quit, but the
20 only point I want to make on Amaro is Amaro and the other
21 two cases cited in particular, I think it was the -- in the
22 Alper case, which was Judge Lifland and Judge Bernstein's
23 case, which was --
24 MAN: Keene.
25 MR. WEINTRAUB: Keene. In all three of those

1 cases, the activity that was being complained of in Keene
2 and in Alper, was really inappropriate transactions between
3 corporate -- related corporate companies that related to
4 looting and in Amaro, it was a pre-bankruptcy sale that was
5 going to be challenged as a fraudulent transfer for
6 inadequate price. All three of those Courts said, on the
7 filing date, those claims already existed, and therefore,
8 they became property of the Estate. I don't agree that
9 those claims should have become property of the Estate, but
10 the rationale of those cases were, the cause of action
11 existed on the filing date, and therefore, they became
12 property of the Estate. That's not what happened here, as
13 Mr. Steinberg pointed out, because the sale happened -- it
14 was a sale done by the Debtor in possession post-bankruptcy.
15 So, you don't have these claims ever becoming property of
16 the Estate. The other very important point to make is,
17 Judge Bernstein was the Judge in Keene, and he was also the
18 Judge in Grumman/Olsen. And in Grumman/Olsen --
19 THE COURT: And in Burton.
20 MR. WEINTRAUB: And in Burton, which Mr.
21 Weisfelner handled, ably so, I won't go back to that. When
22 confronted with the successor liability issue in
23 Grumman/Olsen, Judge Bernstein did not say, "Oh, remember
24 what I did in the Keene case? That was property of the
25 Estate, so that was released when I did the sale." He

1 didn't do that. What he did was the same analysis that Your
2 Honor did in this case. He relied on Chrysler and he relied
3 on TWA, and said that these claims are in personam claims
4 and they can be solved free and clear of, in Section 363(f).
5 I know this Court is probably not going to go there, but
6 there's nothing in the record that said back in July of 2009
7 that there was a 9019 motion to settle a successful
8 liability claim. That was not something that was stated on
9 the record, which would, of course, be another potential due
10 process violation if the result was going to be, "Oh, those
11 were released back in 2009 because they belong to the
12 Debtor." Unless you've got questions for me, Your Honor, I
13 think I have about exhausted what was in my outline when I
14 left the house this morning.
15 THE COURT: Okay, very good. Mr. Esserman?
16 MR. WEINTRAUB: Thank you.
17 MR. ESSERMAN: Sandy Esserman. Your Honor, I
18 realize that time is running short, so I'm just going to hit
19 a couple of hot points, if that's okay.
20 THE COURT: Sure.
21 MR. ESSERMAN: One thing that we have to be
22 cognizant of here is that we're not just looking at retained
23 liabilities versus assumed liabilities. We also have to
24 remember that we're also talking about new liabilities, and
25 new liabilities of new GM, and why is that important?

1 THE COURT: I understand instantly why that's
2 important. I think it would be helpful if you would explain
3 to me what kinds of claims you think are in that category.
4 MR. ESSERMAN: Well, we think a lot of the
5 complaints talk about new GM's liability as new GM, not as
6 an ignition switch. Let me give you some examples and some
7 counts, and how the factual allegations are weaved into
8 those complaints, because the complaints definitely talk
9 about, in substantial portion, new GM's post-sale conduct.
10 That is, the claims that would arise, for which people could
11 not file proof of claim, for which they had no liability,
12 old GM may have no liability. For instance there is a --
13 assertion of a violation of Deceptive Trade and Consumer
14 Protection statutes. Some examples of the conduct forming
15 the basis of these claims include the fact that new GM
16 touted its commitment to safety, product quality, putting
17 customers first, purporting to be a company that was focused
18 on the consumer and pushing accountability deeper into the
19 organization. The factual allegations go further that GM
20 knew about the defects plaguing the GM-branded vehicles.
21 They failed to take action, thereby causing consumers to
22 associate the GM brand with safety and reliability, and
23 causing Plaintiffs to overpay for or retain unsafe GM-
24 branded vehicles. The relevation of new GM's extensive
25 deceptions tarnished the brand further. There have been

1 complaints brought by the Orange County DA, the Arizona
2 Attorney General, which are a similar basis to these
3 complaints. There's also complaints for fraudulent
4 concealment, which talks about independent, new GM violation
5 of its independent duties, not old GM. Not those facts at
6 all. They allege that new GM concealed and suppressed
7 material facts about the quality of its vehicle and the GM
8 brand. The company's systematic devaluation of safety
9 issues, the ignition switch defect, many other defects
10 plaguing GM-branded vehicles. The consolidated complaints
11 also allege that new GM's duty to disclose orders from new
12 GM's superior, if not exclusive knowledge of the many
13 serious defects, and that it valued cost-cutting over
14 safety, took steps to insure its employees did not reveal
15 known safety defects to regulators or customers, and it goes
16 on from there.
17 There's one other count to highlight, and that's
18 sort of the unjust enrichment claim, also all based on new
19 GM's conduct, not conduct that occurred in 2009, before the
20 sale order or whatever, and how new GM benefitted from its
21 failure to make timely disclosure of the initial switch
22 defect in old GM cars as it is required to do. Plaintiffs
23 therefore overpaid, they suffered increased insurance
24 premiums, cost for alternative transportation, a few more
25 facts. New GM benefit was unjustly retained in light of the

1 fact that new GM was only able to reap this through a
2 campaign of deception, et cetera, et cetera. So, all of
3 this conduct occurred post-sale, and that is what is being
4 sought in the complaints, and that is what Your Honor is
5 sort of being asked --
6 THE COURT: Occurred post-sale, but dealing with
7 the value of vehicles manufactured by old GM.
8 MR. ESSERMAN: In part yes, in part no. There's
9 some of the -- there is a portion of the complaint that
10 deals with new GM vehicles, so --
11 THE COURT: Well, that, of course, is the much
12 easier part, Mr. Esserman.
13 MR. ESSERMAN: Of course.
14 THE COURT: Now, in the complaint, and I must say
15 that I've read everybody's briefs and cases more carefully
16 than I looked at that complaint. Does it slice and dice?
17 Does it set forth in different claims which involve old GM
18 vehicles and which involve new, or is that a task that's
19 imposed on me or Judge Furman or somebody, once I lay out
20 the rules to try to figure out whether it's prescribed by
21 such portions of the sale order that I'm prepared to keep
22 enforcing?
23 MR. ESSERMAN: I think it lays it out, and I think
24 you'll be able to imprint your order onto the complaint and
25 see. Of course, we think all of it will survive, but if you

1 --

2 THE COURT: Yeah, well, don't rule out the

3 possibility that any final opinion might not agree with both

4 sides in full.

5 MR. ESSERMAN: Well, and I understand that. You

6 know, which sort of also brings me to the order, and I know

7 what Your Honor -- well, I don't know anything, but what I

8 perceive is, to use Mr. Weintraub's analogy, if it was Judge

9 Esserman, I'd be struggling with how to reconcile some of

10 these provisions, how to reconcile the order, how to

11 reconcile the rights of people. And one section of the

12 order that has been overlooked, and I'm just going to

13 suggest it's worth some thought anyway, is that in the sale

14 decision on page 17 --

15 THE COURT: Of the slip opinion or -- but not in

16 the published opinion?

17 MR. ESSERMAN: Yeah, it's --

18 THE COURT: Well, I mean by published, I mean the

19 way it appears in the BR?

20 MR. ESSERMAN: You know, I don't have the BR site

21 here. It's the decision on Debtor's motion for approval of

22 its sale of assets to Vehicle Acquisition Holdings, LLC,

23 assumption and assignment of related executory contracts,

24 and entry into the UAW retiree settlement.

25 THE COURT: Yeah, we're talking about the same

1 opinion.

2 MR. ESSERMAN: Yeah, it's --

3 THE COURT: All I'm talking about is the way it

4 appears on ECF, you're saying, rather than in the BR.

5 MR. ESSERMAN: Yes.

6 THE COURT: Okay.

7 MR. ESSERMAN: And these are the findings of fact

8 in your decisions, which I'm going to quote to you, and

9 they're adopted in the sale order, which, of course, takes

10 precedence, but there's one statement in there, and when

11 you're wrestling with this, you can wrestle with this, what

12 you meant by this, that "Old GM will retain all liabilities,

13 except those defined in the MPA as assumed liabilities."

14 The assumed liabilities, that is, what new GM's going to

15 take, include, and I'm quoting, "product liability claims

16 arising out of products delivered at, or after the sale

17 transaction closes, paren the closing, close paren, and two,

18 the warranty and recall obligations of both old GM and new

19 GM." And I just sort of throw that out for something to be

20 massaged, I guess, but perhaps the sale order isn't all so

21 one-sided as new GM might have you believe, and perhaps it -

22 - I'm not sure what exactly was meant by that because there

23 are other, more specific issues dealing with those findings,

24 but that is a finding of this Court, which was adopted in

25 the sale order, which takes precedence. So, there may be

1 some room in there to manipulate something, should Your
2 Honor decide to do so, on the basis of the order --
3 THE COURT: Well, you don't exactly mean
4 manipulate it, as much as you mean, as to draw conclusions
5 from.
6 MR. ESSERMAN: Exactly. I withdraw that word.
7 THE COURT: Okay.
8 MR. ESSERMAN: And I probably already exceeded my
9 time, thank you.
10 THE COURT: All right, thank you very much. All
11 right, folks. Can you get in and out? Oh, Mr. Flaxer?
12 MR. FLAXER: Hi, Judge.
13 THE COURT: Okay, come on up, please. I thought
14 your principal concern was on (indiscernible) on the Court,
15 though.
16 MR. FLAXER: Yes, Your Honor, but your order
17 stated that that issue would not be addressed, which was
18 fine, but if we wanted to address, I would dispute it. I
19 will dispute the --
20 THE COURT: Okay, I'll just rely on your good
21 faith. Go ahead.
22 MR. FLAXER: Yes, Your Honor. I just wanted to,
23 very briefly, focusing particularly on the remedy issues.
24 We continue to believe that some discovery, as highlighted
25 by our disputed facts and our prior pleadings before the

1 Court may still be appropriate. We think that Your Honor's
2 determination on a remedy issue is inherently an equitable
3 decision. We also think, in this respect, that it's likely
4 that discovery would reveal, and I'll mention two primary
5 factual areas: one is actual knowledge of the ignition
6 switch defect at very high levels of GM's management, the
7 other is that GM deceived NHTSA in connection with its
8 responses to the so-called "death inquiries". We think that
9 if the Court had that factual record developed, as opposed
10 to, and what I still agree with designated counsel is a very
11 strong factual record based primarily on the DeLuca report,
12 but, as we've highlighted, the DeLuca report only goes so
13 far, and it seems to us, consciously avoids going after the
14 next level of senior level management knowledge. We think
15 if you had those facts before you, it would weigh very
16 heavily in favor of granting a remedy sought by designated
17 counsel for reasons including deterrence of future
18 concealments in connection with 363 sales.
19 THE COURT: And by that knowledge that you talked
20 about in the last sentence, you're talking about knowledge
21 by old GM management more senior than the 24 or 25 people
22 who were the subject of this (indiscernible)?
23 MR. FLAXER: Yes, Your Honor.
24 THE COURT: Okay.
25 MR. FLAXER: For example, we think it's likely --

1 we think it's very likely that the knowledge would go up to
2 the level of general counsel of North America and perhaps
3 higher, but you know, obviously that would take some
4 discovery to establish that, and we understand the concern
5 about delay, but in our estimation, in balancing the -- how
6 crucial it is that the remedy sought by designated counsel
7 be granted, that perhaps what Your Honor could do is rule in
8 favor of our side of the table on the due process issue and
9 authorize some discovery so Your Honor has a full, factual
10 record in order to make a fully informed decision, bearing
11 in mind that this is an equitable determination about
12 remedy, that Your Honor have a fully developed factual
13 record.
14 THE COURT: All right, thank you.
15 MR. FLAXER: Thank you, Your Honor.
16 THE COURT: Okay. By yelling out from the
17 audience, I guess, can you guys get back in an hour, or do
18 you need more time?
19 MAN: An hour would work.
20 MAN 2: An hour is fine with us, Your Honor.
21 THE COURT: Okay, then I show five after one on my
22 watch, it's a minute or two after that on that big clock on
23 the wall, see you guys back here in an hour.
24 MR. STEINBERG: Your Honor, I assume that when we
25 come back, it's the GUC Trust that will start?

1 THE COURT: I assume you're going to reply next,
2 or --
3 MR. STEINBERG: The GUC Trust hasn't spoken yet.
4 I'm not --
5 THE COURT: Oh, yeah. Is GUC Trust going to be --
6 Ms. Rubin, are you going to be weighing in on what I've
7 heard this morning?
8 MS. RUBIN: I fully expect to, Your Honor.
9 THE COURT: Okay. Then Ms. Rubin next, and then
10 you can reply after that, Mr. Steinberg. Now, especially
11 with the extent to which I've interrupted you guys, I'm not
12 going to prevent you from arguing anything, even if it's
13 beyond the original time limits, assuming you're not
14 filibustering or otherwise taxing my patience, but we still
15 have to quit at 3:15 today. If we're not done at that point
16 -- and of course, the resumption is going to be at 2:05, if
17 we're not done, then we're going to have to pick up tomorrow
18 morning. We're in recess.
19 MR. STEINBERG: Thanks.
20 (Court in recess at 1:05 PM)
21 THE CLERK: All rise.
22 THE COURT: Have seats, please. Okay, are we up
23 to Ms. Rubin?
24 MS. RUBIN: We are, Your Honor, and if I can help
25 it, I don't intend to take the full balance of my time

1 today.

2 THE COURT: Okay.

3 MS. RUBIN: But I do want to address a number of

4 the issues that you talked about with others today, and hope

5 that I can address some of the questions that you posed to

6 all of us as a group, as well.

7 THE COURT: Okay.

8 MS. RUBIN: Your Honor, I want to start from the

9 proposition that you started from this morning, which is

10 that you have been convinced, or at least you assume, where

11 we are right now, that there was enough knowledge at old GM

12 to have warranted a recall in 2009, prior to the sale. Your

13 Honor is clearly aware that the briefing that my client and

14 the participating unit holder submitted, took a different

15 tack, and the reason that we did that is because we wanted

16 to illustrate that even if everything that Mr. Steinberg and

17 his colleagues said was true, there was still a due process

18 violation here, or would be a due process violation here,

19 with respect to the groups of Plaintiffs that Mr.

20 Weisfelner, Mr. Esserman and Mr. Weintraub represent.

21 That having been said, let's start from the

22 proposition that Your Honor began with this morning and move

23 from there. The first, and most important reason we believe

24 that that the Plaintiff should be able to proceed against

25 new GM is because, as Mr. Weisfelner and others capably told

1 you, they have independent claims in both the pre-sale and
2 the post-sale complaint against new GM, that are predicated
3 on conduct of new GM, and for some reason, in their reply,
4 new GM seems to suggest that that's not true of the pre-sale
5 complaint, and I just want to illustrate one example of why
6 that is, in fact, the case. In paragraphs 1063 to 1079 of
7 the pre-sale complaint, the pre-sale Plaintiffs make a claim
8 under California's Unfair Competition law, and that claim is
9 predicated, in part but not in full, on the violation of GM,
10 sorry, new GM, on their violation to comply with the Safety
11 Act, and Your Honor, I want to underscore that that was a
12 knowing violation, by consenting to the order with NITSA.
13 What new GM essentially acknowledged is that they didn't
14 comply with that law, they did not provide NITSA with
15 knowledge within five days of determining there needed to be
16 a recall.
17 And from what I understand, Mr. Weisfelner's
18 clients' claim, for violation of the Unfair Competition law,
19 could be predicated on that in and of itself alone. Now,
20 there's another reason that these claims -- we discussed
21 whether or not these independent claims against new GM are
22 subject to the sale order, and Mr. Esserman pointed out to
23 you this morning a reason why they are not, based on the
24 findings of fact in the sale decision, and their
25 incorporation in full into the sale order.

1 Let me suggest to you another reason why, that I
2 think has eluded our discussion so far, and I'll refer Your
3 Honor to Section 2.3(b) of the Master Sale and Purchase
4 Agreement. That is the definition of retained liabilities,
5 and I'll just read it, in part. The definition of retained
6 liabilities starts with, "each seller acknowledges and
7 agrees that, pursuant to the terms and provisions of this
8 agreement, Purchaser shall not assume or become liable to
9 pay, perform or discharge, any liability of any Seller," and
10 let me pause there, Your Honor, because when we're talking
11 about retained liabilities, it pertains to the liability of
12 a Seller. Now, Mr. Steinberg wants to suggest that any
13 liabilities that have to do with private rights of action
14 for failures, for example, to comply with recall
15 obligations, are not assumed liabilities, and therefore, by
16 definition, must be retained. Respectfully, I'll disagree,
17 and agree with the Plaintiffs that it's not a binary
18 universe of assumed, retained and nothing else. New GM
19 covenanted, under Section 6.15(a), that it would comply with
20 all of the Federal recall-related laws and regulations
21 applicable to old GM-manufactured, designed or sold
22 vehicles.
23 THE COURT: That's in the sale agreement?
24 MS. RUBIN: That is in the sale agreement, Your
25 Honor.

1 THE COURT: What section is that, by the way?
2 MS. RUBIN: It's 6.15(a) and it's addressed in our
3 briefing as well, Your Honor.
4 THE COURT: I'm well aware of the point, I would
5 just -- wanted to see the citation, too.
6 MS. RUBIN: So, Your Honor, it would be our
7 position that, having undertaken that covenant, that is the
8 independent duty that Mr. Steinberg insists that his client
9 does not have, irrespective of the wording of the sale
10 order, they agreed to comply with those recall laws in
11 respect of old vehicles. Whether or not the sale order goes
12 beyond that in other respects, and maybe goes too far, is
13 another issue entirely, but at least in terms of the sale
14 agreement itself, the retained liabilities are liabilities
15 of any Seller. I don't hear anybody suggesting, or they
16 shouldn't suggest, that old GM, or the old GM bankrupt
17 estate through the GUC Trust, should somehow be liable for
18 the knowingness conduct of new GM and its failure to
19 disclose to NITSA, disclose to the driving public, to
20 disclose to this Court, and to disclose to anyone at all,
21 that these cars were subject to a safety defect that rose to
22 the level that it warranted a recall.
23 The other thing that -- one other thing that we
24 would say, Your Honor, is, in terms of why the Plaintiff's
25 claims should be allowed to go forward, let me identify

1 another group of the Plaintiffs. I believe Mr. Weisfelner
2 is the one who spoke to you at length about the used car
3 purchasers here, and whether or not their claims are subject
4 to the sale order. It's hard for us to see, under the
5 Grumman case, which as Your Honor knows, interprets
6 Chateaugay, how the used car purchasers here could ever have
7 been subject to the sale order and injunction. None of
8 those people had any pre-sale relationship or contact with
9 old GM. Suddenly, they were not aware at the point in time
10 of their sale that their cars were subject to the serious
11 safety defect of which we're all now aware, and it's hard
12 for us to see how the analysis in the Grumman case is any
13 different than that which should be applied to used car
14 purchasers, who are a class of Plaintiffs implicated by the
15 post-sale consolidated complaint.
16 Now, there was some discussion this morning about
17 the Burton decision, which Your Honor referred to as the
18 Chrysler decision by Judge Bernstein, and to the extent that
19 Your Honor has questions about why these used car purchasers
20 in this situation should be treated any differently than the
21 Burton Plaintiffs, let me try to address that, if I may.
22 First and foremost, the Burton case involved a
23 recurring fuel spit-back problem that had already resulted
24 in two to three recalls prior to Plaintiffs bringing forth
25 claims in that instance. Here, we have a warranty in the

1 sale agreement by old GM, that there had been no material
2 recalls since 2007. We're not dealing with a factual
3 situation in which anybody who drove one of the vehicles,
4 we'll call them the subject vehicles, that are the subject
5 of this proceeding, nobody is suggesting that drivers should
6 have been on notice of the ignition switch defect by virtue
7 of anything that happened before, as was the case in Burton.
8 Now, new GM is very fond of quoting to Your Honor
9 a particular sentence from the Burton decision in which
10 Judge Bernstein, and I'm sure I'll mangle this somehow, says
11 that anyone who drives a car should reasonably contemplate
12 that their car will need to be repaired. Again, the end of
13 that sentence, which new GM doesn't quote for you is,
14 "especially whereas here there have already been two to
15 three recalls involving the same problem, and involving some
16 of the same vehicles," but be that as it may, there's
17 another distinction here that I think is a more fundamental
18 and important one.
19 The claims at issue here are not fundamentally
20 about repairs. The Burton case is one in which the
21 Plaintiffs, who characterized themselves as future claimants
22 and with which Judge Bernstein disagreed, their claims were
23 Duty to Warn claims and failures to honor warranties.
24 Fundamentally, they were upset that their cars weren't being
25 repaired. That's not really the gravamen of the Plaintiff's

1 complaints and the consolidated complaints here. What are
2 they really talking about, Your Honor? They're saying,
3 there has been such a widespread erosion of GM's reputation
4 for quality, such that all of their vehicles have suffered
5 economic loss, and to the extent that they are also alleging
6 damages for economic losses associated with repairs, again,
7 I would submit that those are not the sort of repair-related
8 claims that a driver of these vehicles could have or should
9 have anticipated. They are claims for things like childcare
10 expenses associated with all of the time necessary to get
11 their cars repaired, their lost wages, their rental car
12 expenses. Your Honor is well aware that there are a number
13 of people who said, "Until GM is able to repair my car
14 consistent with the ignition switch recall, I'm not driving
15 that car, because I know, based on the information that's
16 come out through Feinberg Compensation Fund, that GM has at
17 least admitted that 50+ people died, and has awarded awards
18 under the Feinberg Compensation protocol, to at least 128
19 people." That being the case, there are people that Mr.
20 Weisfelner and Mr. Esserman represent who say, "I'm not
21 going to drive my car and GM should be liable for the cost
22 of my rental car expenses during that period of time, until
23 my car is 100 percent safe to drive."
24 Now, Your Honor, putting aside the question of
25 whether these Plaintiffs have independent claims against new

1 GM, or whether there are future claims on behalf of the used
2 car purchasers that are more akin to the claims in the
3 Grumman/Olsen case, the biggest issue here is obviously
4 whether or not the pre-sale economic loss Plaintiffs
5 suffered a due process violation. And you see in the
6 briefing that there are starkly different visions of the
7 notice that should have been afforded to those claimants.
8 Let me submit this. If Your Honor can accept that
9 old GM knew enough that they should have recalled the
10 subject vehicles, the notice that was given was never
11 enough, even for the folks that Mr. Weintraub represents,
12 and here's why. Last year, in the DPWN case that went up to
13 the Second Circuit, the Court set forth the standard for
14 evaluating the claims of those who otherwise would be barred
15 by a bankruptcy order. And the Court essentially said, it's
16 a two-part test. The first thing you have to do is look at
17 what the claimants knew or should have known with reasonable
18 diligence, and if the claimant gets across that threshold,
19 the second part of the inquiry is to ask what "the Debtor
20 knew or should have known of the potential liability, such
21 that it should have provided the claimant with notice of his
22 or her potential claim."
23 Whether or not the folks that Mr. Weisfelner and
24 Mr. Esserman and Mr. Weintraub represent are known
25 Creditors, it is indisputable that old GM knew enough that

1 it should have afforded them more notice under the DPWN
2 test. And Your Honor shouldn't take my word for the fact
3 that the DPWN test now guides evaluations of due process not
4 just in a post-discharge context, but across all bankruptcy
5 contexts, Your Honor may be aware that Judge Gropper issued
6 an opinion in the Direct Access bankruptcy last month on
7 January 6th, the Westlaw site is 2015 WL 94556, and in doing
8 so, Judge Gropper was asked to pass on whether or not a
9 claimant could file a late Proof of Claim after a
10 confirmation order. Judge Gropper writes as follows, Your
11 Honor: "In DPWN holdings, the Second Circuit recently set
12 forth the showing that a party must make, in order to obtain
13 the right to pursue a claim that otherwise would be barred
14 by virtue of a Debtor's bankruptcy" It wasn't conditioned
15 on what kind of case we were talking about or what stage in
16 the bankruptcy we were at. Judge Gropper interpreted the
17 DPWN case to be the guiding analysis for any time someone
18 comes before this Court or a District Court and says, "I
19 have a claim," and the Defendant says, "No, no, no, you're
20 barred by a sale order and an injunction," or, "You're
21 barred by some other order in bankruptcy."
22 So under that analysis, Your Honor, the DPWN
23 analysis, we would respectfully submit that old GM knew or
24 should have known of the potential claims that folks like
25 Mr. Weisfelner's clients would have had, even if they didn't

1 have a bunch of lawsuits before them, even if they didn't
2 make the list of Creditors, even if they didn't appear on
3 the general ledger. The had sufficient knowledge within the
4 company, based on their books and records, construed more
5 broadly, that they should have provided notice of the
6 potential liability before the sale.
7 Now, Your Honor asked an inform question earlier
8 today, which was, "What should that notice have looked
9 like?" And I think you've heard from Mr. Weintraub and
10 others about what that might have looked like. Let me
11 underscore Mr. Weintraub's presentation and say, we believe
12 that the right notice here would have looked like the
13 Chemtura situation, and respectfully, while Your Honor
14 identifies that as a situation in which Your Honor approved
15 best practices, and certainly, I'll agree that Judge Furman
16 in affirming that, agreed that maybe that wasn't what was
17 constitutionally mandated under the facts of that case, I
18 think the type of notice provided there is constitutionally
19 mandated in this case. You have a situation where on the
20 factual record, Mr. Weisfelner has already convinced Your
21 Honor that old GM knew enough that it should have issued a
22 recall in respect of the subject vehicles. On those facts,
23 why it's not the case that the publication notice should
24 have said, "There is a safety defect of a serious dimension
25 in these makes and models of vehicles, and if you believe

1 you have been injured by that, now is the time to come
2 forward. There will be a hearing about the sale." That is
3 essentially what was provided in the Chemtura case where the
4 manufacturer understood that a chemical that it produced --
5 THE COURT: Chemtura was a claims case, that the
6 people worked in factories where diacetyl was used.
7 MS. RUBIN: Yes, Your Honor.
8 THE COURT: It wasn't a 363 case.
9 MS. RUBIN: Well, that's true, Your Honor, it
10 wasn't a 363 case, but respectfully, Your Honor, courts in
11 this District and Circuit and others, borrow, with respect
12 to what notice is constitutionally mandated, from context to
13 context all the time.
14 THE COURT: Yes, but you would agree, I take it
15 that, Mullaney talks baby talk about the need to look at the
16 facts and circumstances.
17 MS. RUBIN: Sure, and Your Honor, I'd also agree
18 that the facts --
19 THE COURT: As do the other cases, the Second
20 Circuit cases such as Drexel Burnham implementing the
21 Mullaney.
22 MS. RUBIN: Sure, but Your Honor, I would also
23 say, that in talking about 363 cases or otherwise, the
24 fundamentals of notice, the cornerstones of notice, or not
25 only notice of one's claim, but the opportunity to be heard,

1 and that doesn't change from context to context, and if we
2 are going to follow the dictates of Mullaney and talk about
3 the facts and circumstances of this case, I think if Your
4 Honor is willing to find that old GM knew enough that it
5 should have recalled the vehicles, certainly it knew enough
6 in those circumstances that it should have incorporated in a
7 publication notice, enough information to put people like
8 Mr. Weisfelner's clients, that if they believed they had a
9 claim, now was the time to come forward. They didn't have
10 to necessarily say, "If you believe you've suffered an
11 economic loss or diminution of value in your car or lost
12 wages," or any of that, that's not the claim-specific notice
13 that we're talking about. But they should have apprised
14 people in the Plaintiffs' position of the facts and
15 circumstances that underlie their case, that there was a
16 serious ignition switch defect that ran throughout the
17 subject vehicles, that was serious enough to warrant a
18 recall, and therefore, anyone who believes that they have
19 been injured thereby, should come forth and file a claim.
20 Now, Your Honor, there has been a lot made out of
21 the fact that 363 is sort of a separate situation, and I
22 think Your Honor just alluded to it, that in discharge cases
23 or confirmation cases, maybe notice doesn't mean what it
24 should mean in a 363 case. But I'll have your -- I'll say
25 for Your Honor's sake, DPWN, at the District Court level,

1 which was a known Creditor case, right, DHL didn't know that
2 it has an antitrust claim against United Airlines. They
3 certainly knew that they were a Creditor, they were
4 certainly apprised of the bankruptcy, and deciding what
5 notice is due to DHL, what did the Eastern District -- how
6 did the Eastern District make that decision? Well, they
7 borrowed from the Grumman case, which is, in fact, a 363
8 case.
9 Similarly, in the Schwinn case in the Northern
10 District of Illinois, a 363 case involving a purchaser of an
11 exercise bike in 1979, whose grandson is not injured until
12 well after the bankruptcy in the 90s, what does that case
13 do? It borrows from the Chemtron case in the Third Circuit,
14 which again, is a discharge case. So, I would submit to
15 Your Honor that what is fundamentally required for notice
16 before depriving someone of a property interest, the facts
17 and circumstances of the cases might change in terms of
18 dictating what form of notice is required, but the content
19 has to be informed by a larger body of case law that is
20 transferrable from one context to the other.
21 It's also true that the idea that none of the
22 Plaintiff's property interests here were affected is sort of
23 a preposterous one, right? And to the extent that new GM
24 tries to distinguish some of the 363 cases outside this
25 Circuit by saying, "Well, those cases involve property

1 interests that were unique and couldn't have been reduced to
2 money," that's actually not true. First of all, those cases
3 were all decided on grounds other than the type of interest
4 invoked, and Rule 60(b) was considered in all of them.
5 I'll talk about the poly --
6 THE COURT: Wait, time out. You said 60(b) was
7 considered?
8 MS. RUBIN: It was considered, and in each of
9 those cases, Polycel, Metzger, and Compak, after referring
10 to Rule 60(b), each of the courts nonetheless held that the
11 claimant before it should be exempt from the sale order, on
12 the basis that the due process rights were violated. I'll
13 quote to you, Your Honor from the Metzger case, where, after
14 considering Rule 60(b), for example, the Court said, "The
15 Court has some flexibility in creating a remedy here, and
16 need not and will not find the entire sale void." But
17 nonetheless, the Court held that it would find that the sale
18 was void as to the claimant before it.
19 THE COURT: Well, there was no question that
20 Arthur Weissbrodt said that, but I don't have a memory of
21 him discussing the criteria for granting 60(b) relief, and
22 if you say that he mentioned it, and I'm not (indiscernible)
23 to Ms. Rubin, but there was not a material discussion of
24 60(b), was there?
25 MS. RUBIN: Your Honor, I don't have the case

1 right in front of me and I'm unable to answer that question
2 directly, but my recollection is that in at least two of
3 these three cases, there is a discussion by the Defendant
4 that 60(b) only allows for voiding the entire sale order or
5 providing no relief, and in each of those cases, there's a
6 rejection, either implicitly or explicitly, of that theory.
7 So, for example, in the Compaq case -- you know, the other
8 thing I would say, Your Honor, is that certain of these
9 Courts say that notwithstanding Rule 60(b), Rule 60(b) is
10 only one way of getting there. So, for example, in the
11 Compaq case, the Court says, "There's not a Rule 60(b)
12 motion before me, but sua sponte, I can characterize the
13 relief that this claimant is asking for as a 60(b) motion,
14 or alternatively, I can see this as a motion for relief from
15 the sale order." That's an implicit recognition that 60(b)
16 is not the only vehicle by which you can remediate a due
17 process violation. So, respectfully, GM's assertion that
18 the Plaintiffs here have to conform and shoehorn their
19 arguments into a 60(b) analysis in order to prevail is
20 simply not the case. You have an implicit recognition in
21 the Compaq case that that's true, and more importantly, in
22 this District, let me refer Your Honor to the Lehman
23 Brothers decision that new GM cites in its brief at 2014 WL
24 7229473. Now, Judge Buchwald in that situation determined
25 that the Creditor, who was making arguments before her, in

1 fact didn't qualify as a Creditor at all, but in clarifying
2 the narrowness of her holdings, she said as follows, Your
3 Honor: "We do not decide to question whether a person with a
4 cognizable property interest may attack a final free and
5 clear sale order in the absence of notice," and then,
6 following that immediately with this sentence: "Nor do we
7 decide whether the lack of notice could be grounds…" there
8 is an ellipses here, "for relief from a sale order under
9 Rule 60(b)." So, you have a District Court Judge in this
10 District, implicitly recognizing that a due process claim,
11 meaning, I didn't get notice of the way in which my property
12 interests would be affected here, could be different from a
13 Rule 60(b) motion.
14 THE COURT: I'm not sure if I heard you right. I
15 thought you preceded each of those two sentences by "We do
16 not decide that."
17 MS. RUBIN: And I did, Your Honor, but I still see
18 the case as standing for a recognition, as a District Court
19 Judge in this District, recognizing that these are two
20 alternative ways of getting to the same place. I'll
21 recognize that that's dicta. Judge Buchwald didn't reach
22 those issues in her decision, and she's very clear about
23 that, but notwithstanding that, in clarifying to the larger
24 community reading her decision what she is and is not
25 deciding, she is saying expressly, "I see these things as

1 possibly two different avenues for relief," and I think it
2 just underscores the fact that in the Compaq decision, for
3 example, the Court says the same thing. "I don't have a
4 Rule 60(b) motion before me. I can sua sponte interpret the
5 arguments that are being made before me as a 60(b) motion,
6 or alternatively, I can grant relief from the sale order."
7 That doesn't sound to me like the musings of a Judge who
8 believes that 60(b) is the only vehicle by which someone who
9 has a due process argument can seek relief from the sale
10 order.
11 Your Honor, I'll move on to talk about remedy, and
12 I'll note that the primary cases on which new GM depends are
13 the Edwards case, and they also place a lot of emphasis on
14 the Paris case, which hasn't been discussed directly by
15 name, but the general principle has been alluded to a lot
16 here, that's the case --
17 THE COURT: Paris?
18 MS. RUBIN: Yes.
19 THE COURT: Mr. Weisfelner had mentioned Paris.
20 MS. RUBIN: Well, I apologize to Mr. Weisfelner
21 for not hearing that. To the extent that the Court in Paris
22 is saying, "Your interests are not affected here because you
23 have a bunch of assets that can be converted and all
24 Creditors will have access to that." Your Honor, that may be
25 fine and well if we were here four years ago, or five years

1 ago, but that's not where we are now, and I think to not
2 appreciate the realities of where the GUC Trust finds itself
3 would be a disservice to everyone, right? We have a
4 situation here where the GUC Trust has distributed 90 plus
5 percent of distributable assets. We are three plus years
6 post-confirmation. All of the remaining resources of the
7 GUC Trust have been reserved for express purposes as Your
8 Honor knows, we filed a quarterly GUC Trust report last
9 week. There is literally nothing left right now for the
10 Plaintiffs here, and so to not -- if we're going to consider
11 who would be prejudiced by a remedy here or consider a
12 larger context of prejudice with respect to the remedy, I
13 think that has to be considered, too.
14 The final thing that I'll say, Your Honor, is the
15 notion that prejudice is somehow a required element of a due
16 process violation is creative, but not sustained by the case
17 law. To the extent that old GM siphoned numbers --
18 THE COURT: Time out. Before you go too far, Ms.
19 Rubin --
20 MS. RUBIN: Sure.
21 THE COURT: -- I need to dust off with you the
22 colloquy I had with Mr. Weisfelner, because I would agree in
23 a heartbeat that you didn't make the supplemental
24 distribution to your constituency last year in the dead of
25 night, but you're saying -- you're talking about hardship,

1 presumably to the economic loss Plaintiffs, or maybe Mr.
2 Weintraub's people or both. At the same time that your
3 folks were the beneficiaries of Mr. Weisfelner's guys
4 decision for admitted strategic reasons, not to try to tap
5 those funds. So you're trying to exploit the very situation
6 for which your guys were the beneficiary.
7 MS. RUBIN: I don't believe that it's an attempted
8 exploitation at all, Your Honor.
9 THE COURT: Well, I'm not accusing you of evil --
10 MS. RUBIN: I respectfully disagree, if I can.
11 THE COURT: I'm accusing you of representing a
12 client --
13 MS. RUBIN: No.
14 THE COURT: -- but isn't that the bottom line?
15 MS. RUBIN: No, Your Honor, it's not, and here's
16 why. Your Honor engaged in a colloquy earlier with Mr.
17 Weisfelner, well first of all, to the extent that you
18 engaged in the colloquy earlier with Mr. Weisfelner also
19 about the efficacy of the bar date notice, correct? It may
20 be that the bar date notice was not effective as to certain
21 of these Plaintiffs, but the sale notice wasn't effective as
22 to them either, and they had a choice to make at the outset.
23 It's undisputed that they didn't know about the defect in
24 the subject vehicles until around February of 2014, but at
25 that point in time, they made a choice, and they made a

1 choice to go after new GM. They never once filed a claim or
2 sought to file a late proof of claim against the GUC Trust.
3 When there were the initial motions to enforce a
4 few months later, and we came before this Court, the
5 Plaintiffs filed an objection, they filed an adversary
6 proceeding complaint, those issues were not raised there
7 either, and when we first came before Your Honor, let's
8 rehash how the GUC Trust came to be a party here. It wasn't
9 on motion or any suggestion by the Plaintiffs. It was on
10 suggestion by new GM, who said the Plaintiffs should be
11 forced and shoehorned into going after the GUC Trust. But
12 we don't believe that the Plaintiffs should have to do that.
13 We believe that the Plaintiffs' due process rights were
14 violated, and so in making that distribution, I wouldn't
15 characterize it as an exploitation at all. I would say that
16 my client was well within its rights to distribute assets to
17 its existing beneficiaries, consistent with its fiduciary
18 duties and the documents that govern it.
19 Your Honor, if I can return to prejudice?
20 THE COURT: Yeah, go ahead.
21 MS. RUBIN: The notion that prejudice is a
22 required element of a due process violation here, I think,
23 is a fiction, and in advancing that argument, new GM relies
24 on two different strands of cases: one are cases in which,
25 despite a notice defect, the claimants still have an

1 opportunity to be heard, and that's particularly true of the
2 cases that they cite within this District. The Parker case,
3 I think, is a paradigmatic example of that. The Plaintiff
4 in that case came forward and said they were deprived of
5 their due process rights, but Your Honor found that,
6 notwithstanding that, the guy cross-examined two of the
7 three witnesses during the sale hearing, received ample
8 discovery. There was no due process violation because he
9 had an opportunity to be heard. That certainly was not the
10 case with respect to any of the Plaintiffs here, against
11 whom the notice couldn't have possibly been effective,
12 because to just get the notice without notice of their claim
13 is, as Mr. Weisfelner recognized in the Waterman case, no
14 different than being apprised of your claim and not being
15 apprised of the bankruptcy.
16 The other cases that they cite are entirely far of
17 field from bankruptcy altogether. Most of them involve
18 procedural irregularities, like failure to enter a
19 substitution of counsel order, and notwithstanding that, the
20 new counsel still gets to be heard, or listing the wrong
21 statute in an administrative proceeding on the cover, where
22 everybody knows what's really at issue. That's certainly
23 not the case in which we found ourselves, so it takes a lot
24 of creativity to cleave onto the due process standard in
25 this Circuit, some prejudice standard. The Manville case

1 and the Cope case that Your Honor referred to earlier, we
2 understand and appreciate those aren't 363 cases. But to
3 conclude, Your Honor, we would suggest that those should be
4 your guiding principles. Those are recognitions by the
5 Second Circuit that in a bankruptcy situation, no party can
6 be deprived of a property interest without adequate notice
7 of their claim.
8 Everybody understands, here, that that's not what
9 happened, and to the extent that Your Honor is willing to
10 find on this stipulated factual record, that old GM had
11 sufficient knowledge that it should have recalled the
12 vehicles, it should also be the case that they had
13 sufficient knowledge to put into a publication notice, if
14 not actual mailed notice to all of the people that Mr.
15 Weisfelner and Mr. Esserman and Mr. Weintraub represent. It
16 should have put into that notice greater content to afford
17 people a better and more complete, and consistent with due
18 process, a constitutional understanding of what their claims
19 are. And with that, Your Honor, I'll rest.
20 THE COURT: All right, thank you. Okay, Mr.
21 Steinberg?
22 MR. STEINBERG: Your Honor, do we have a stop at a
23 quarter after three today?
24 THE COURT: Yes.
25 MR. STEINBERG: I'm not sure if I'll finish with

1 my reply, but I've spoken to the other counsel and I think
2 they all want to reply as well too, and I'm wondering
3 whether we should do all of our replies tomorrow morning.
4 We could potentially do equitable mootness today, if you
5 wanted to take it out of order if everybody else was
6 prepared to do that, but I'm not sure whether I'll finish,
7 and I don't necessarily think it's fair that they will have
8 overnight to prepare for my replies.
9 THE COURT: Well, I certainly see the merit of
10 your suggestion of having the remainder, this topic, done at
11 the start tomorrow. How much equitable mootness is mainly
12 between Ms. Rubin and you?
13 MR. STEINBERG: No, Your Honor, I think the entire
14 equitable mootness argument is a half hour and I think I
15 have five minutes, I think Mr. Weisfelner has five minutes -
16 -
17 THE COURT: Yeah, of course, it's mainly Ms.
18 Rubin's issue.
19 MR. STEINBERG: Oh.
20 MS. NEWMAN: Actually, Your Honor, it's not, it's
21 --
22 MR. STEINBERG: It's the unit holder.
23 THE COURT: Yes, but with Akin Gump.
24 MS. NEWMAN: Yes.
25 THE COURT: You're her ally.

1 MS. NEWMAN: I am. I (indiscernible).
2 THE COURT: Okay, you're playing the role of Mr.
3 Golden?
4 MS. NEWMAN: Yes, Your Honor.
5 THE COURT: All right. Can we really, really get
6 this done in 35 minutes?
7 MS. NEWMAN: Your Honor, I think we would prefer
8 to start that tomorrow, keep the order that's contemplated
9 in the schedule and start that tomorrow because we're
10 concerned that, to the extent that Your Honor has questions,
11 we may need more time.
12 THE COURT: Are you guys available early tomorrow
13 as you were today?
14 MR. STEINBERG: Yes.
15 MS. NEWMAN: Yes.
16 THE COURT: All right, let's do this starting at
17 9:00am tomorrow.
18 MR. STEINBERG: Thank you.
19 MS. NEWMAN: Thank you, Your Honor.
20 THE COURT: But therefore, what I want to do is
21 back to the principle arguments, which is what you
22 (indiscernible), Mr. Steinberg, and Mr. Weisfelner, you're
23 looking for a brief (indiscernible)?
24 MR. WEISFELNER: Correct, Your Honor.
25 MS. RUBIN: And Your Honor, I have also reserved

1 five minutes if Your Honor can (indiscernible) reserve
2 (indiscernible).
3 THE COURT: Okay. In which case, the
4 (indiscernible) Plaintiffs, of course, have to be limited to
5 new stuff that Mr. Steinberg says tomorrow morning, but with
6 that said, we'll pick up at 9:00 tomorrow. Let's notify the
7 marshals accordingly. And CourtCall if you are listening
8 in, get yourself down there before 9:00. Okay, we'll recess
9 until 9:00.
10 MR. WEISFELNER: Your Honor, do you know whether
11 or not it would be safe to leave our binders and --
12 THE COURT: I'll tell you what I always tell
13 people in these circumstances, Mr. Weisfelner. You've got
14 my permission to --
15 (Whereupon these proceedings were concluded at
16 2:44 PM)
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1 C E R T I F I C A T I O N

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3 I, Sonya Ledanski Hyde, certified that the foregoing

4 transcript is a true and accurate record of the proceedings.

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8 Sonya Ledanski Hyde

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25 Date: February 19, 2015

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& 3:3,25 4:7,17,25 5:1,1,7 6:7,23 7:7 22:7

0

0.25 21:23
09-50026 1:3

1

1 81:9
1,250 80:6
10 10:11,12 16:10 84:18 85:21
100 21:22 42:17,20 152:23
1000 134:3
10004 1:15
10018 3:14
10022 4:3
10036 3:5,21 4:20
10166 4:11
1047 97:22
1050 97:22
1063 147:6
1079 147:6
11 11:4 12:7,7 40:6 80:16,20 118:11,13
11501 171:23
1185 3:4
11s 12:5,5 17:11
12 51:6 87:10 119:1
128 152:18
140 120:19,20
15 16:10 91:12
150 120:16
1555 98:3
160 90:11
164 43:24
17 1:18 140:14
18 101:3
19 9:22 13:21 171:25
1979 158:11
1:05 145:20
1st 9:20 81:24 121:11

2

2 144:20
2.3 24:14 58:7 59:5 59:7,8 148:3
2.3. 59:9
2.4 59:6
20/20 113:8
200 4:10
2002 128:19
2004-2005 79:10
2005 89:5 94:3
2005-2006 95:6
2006 18:20 55:12,19 68:4,5
2007 18:21 56:6,7 151:2
2008 76:21,24,25
2009 8:6,25 9:20,21 10:24 16:17 17:16 18:23 25:10 52:18 55:20 56:21 81:7 86:14,25 87:5 88:1 93:5 95:14 96:3 102:22 103:23 104:9 106:8 109:2,7 114:4 121:11 128:17,19,21 136:6 136:11 138:19 146:12
2010 18:25 46:12
2014 19:3 23:14 56:19 94:18 106:8 119:1 160:23 164:24
2015 1:18 154:7 171:25
2200 5:2
2323 5:2
24 7:25 143:21
25 7:25 143:21
27 9:11,14 10:4,5 13:20 14:2 28:4 56:19 101:10
2800 55:13,14
29 94:18
2:05 145:16
2:44 170:16
2nd 81:24

3

3 27:19
30 9:21 133:21
300 5:9 171:22
330 171:21
35 85:3,4 169:6
363 9:4,23 10:10 11:9 12:18,24 13:5 13:21 14:1 16:4 17:8,9,13 18:11,12 25:12 27:2 28:16 29:3,19 31:9 32:2 34:8 35:17,24,25 36:7,11,15,21,22,23 37:5,22,25 38:11,11 39:4,21 42:3 44:8 44:17 45:15 47:5 49:2,6 55:13 56:6,8 56:12 62:7 65:9 68:13 74:17,22 75:2 82:1 83:5 87:14 90:21,24 91:24 107:3,23 108:13,19 108:21 109:24 110:15 114:3 117:5 117:5,14 122:6 130:17,18,19,20,20 130:21 131:2,4 136:4 143:18 156:8 156:10,23 157:21 157:24 158:7,10,24 167:2
365 95:5
386 44:4
3:15 84:20 145:15

4

4 19:3
40 84:4 133:21
400,000 64:5
42 101:8
43 27:22 28:1,5
437 4:2
441 44:4
4452982 68:4
45 94:10
46 59:10,10

5

50 152:17
544 41:10,17
565 97:4
574 97:22

6

6.15 148:19 149:2
60 19:9,14,16 24:18 24:18 30:14,21 35:23 36:16 37:3,3 38:1 48:17,19,21,24 48:24 65:19 66:8,18 67:11 71:14,19,22 71:24 72:2,10,16,18 127:8 128:5,7,11,25 129:4,4 159:4,6,10 159:14,21,24 160:4 160:9,9,11,13,15,19 161:9,13 162:4,5,8
60654 5:10
620 3:13
656 98:2
6th 154:7

7

70 9:10,20 10:3,5 13:20 14:2 27:21 28:6 101:9 131:14
7056 93:25
7229473 160:24
75 94:13
75201 5:3
754 97:4
760 97:5
77 70:15

8

83 97:18
844 43:24

9

9 24:14 101:24
90 163:4
9019 136:7

9024 19:9 128:6
90s 158:12
94556 154:7
97 97:3
99 44:15
9:00 170:6,8,9
9:00am 169:17
9:02 1:19
9b 64:16

a

ab 15:20
ability 39:9 41:9,18 50:4 57:24 85:18 87:14 101:2,4 120:7 120:10
able 22:15 29:16 30:20,21 37:10,12 37:12 43:20 47:9 81:18,20 82:12 83:13 105:4 113:4 117:15 125:16 139:1,24 146:24 152:13
ably 135:21
absence 110:3 117:7 161:5
absent 97:13 98:21
absolutely 11:11
absolve 54:14
absurd 107:16
abut 35:5
academic 121:25
accept 33:6,12,13 153:8
access 75:16 154:6 162:24
accident 23:21 24:4 25:21 33:1,15,18 47:14,16,21 55:3 57:21 60:18 61:22 62:12 89:3,5 96:25 97:1 98:24 121:4 123:8,8,17,22,23,24
accidentally 116:3
accidents 11:14 24:13 51:23 52:5 57:21 59:24 63:13 101:16 133:22
accommodating 22:9
accomplish 36:16 70:12
accomplished 83:6
account 12:23 13:4 63:13 114:6
accountability 137:18
accrues 58:10
accurate 171:4
accusing 164:9,11
achieve 44:25
achieving 35:17,18 35:18
acknowledged 91:10 147:13
acknowledges 101:3 148:6
acquires 42:8
acquisition 140:22
act 23:10 70:16 91:15 92:12,13 93:19 111:11 116:16,17,18 123:18 147:11
acted 8:6
acting 99:18,22
action 23:3,12 24:7 41:10 44:2,7 47:3 79:20 93:10 120:18 120:21,23,24 135:10 137:21 148:13
actionable 105:1
actions 23:19,20 24:12 28:25 77:15 77:15 120:17
activity 135:1
acts 21:3
actual 17:5 49:9,13 72:17 143:5 167:14
acute 109:20
add 20:25 41:19 134:3
addition 33:14 108:14,16
additional 23:16 34:5
address 7:17 15:4 19:13 21:12 22:13 37:10 43:14 51:8 62:24 74:25 76:8 77:21 84:16 86:18 99:11 104:6 119:18 134:10 142:18 146:3,5 150:21
addressed 142:17 149:2
addresses 101:5
addressing 22:12
adequate 39:16 109:5 117:16 125:9 167:6
adjudication 120:25
admin 121:12
administration 11:4
administrative 166:21
administrator 4:9
admission 91:12
admitted 152:17 164:4
ado 88:21
adopted 141:9,24
advance 107:3
advancing 165:23
adversary 165:5
advise 98:18 99:7
advocacy 60:4
advocates 75:10
affect 99:3 130:22
affidavit 80:4 93:10 94:1,1,2
affirming 155:16
afford 70:8 167:16
afforded 153:7 154:1
afraid 116:8
afternoon 21:14 25:8
agencies 84:3
ago 22:17 162:25 163:1
agree 8:24 13:19 14:23 26:19 51:17 53:15 78:6,8,15 95:14 98:9 117:4 118:10,12 126:21 135:8 140:3 143:10 148:17 155:15 156:14,17 163:22
agreed 24:21 52:4,6 61:2,2 68:18 84:22 149:10 155:16
agreement 23:4 24:14 26:21 30:24 31:13 32:1 40:2 48:7 52:3 53:18 58:4,4,9,13,16,22 59:3,5 63:12 73:6 75:16,17 83:21 90:7 131:13 148:4,8,23 148:24 149:14 151:1
agreements 18:4 26:16 31:12
agrees 102:12 148:7
agway 92:9
ahead 26:16 51:2 95:21 120:6 134:16 134:17,19 142:21 165:20
air 95:5 98:24
airbag 89:7 115:12 134:1
airbags 122:23 125:15
airlines 158:2
akin 4:17 7:3 153:2 168:23
al 1:6,7
allegations 101:25 137:7,19
allege 138:6,11

alleged 22:24 56:11 116:25
alleges 121:3
alleging 152:5
allocation 28:21
allow 31:18
allowed 71:24 89:16 149:25
allows 160:4
alluded 157:22 162:15
alluding 45:19
ally 168:25
alper 44:3 134:22 135:2
alright 89:20
alter 23:10
alternative 138:24 161:20
alternatively 160:14 162:6
altogether 43:10 67:8 166:17
amaro 130:10,11 134:10,19,20,20 135:4
amazing 110:6
amend 123:16
amended 63:12
america 144:2
american 80:8
americas 3:4
amount 28:18 111:2
amounts 112:22
ample 166:7
analogy 124:5 140:8
analysis 36:10 64:13 127:22 129:5 136:1 150:12 154:17,22,23 160:19
andress 94:4
andrew 22:8
announced 9:14,16 22:17 23:15 55:16
announcement 79:15
answer 47:8 48:4 51:15 60:8,9 68:1 84:8 100:22 111:8 160:1
answered 27:10
anticipated 152:9
anticipates 131:5
antitrust 158:2
anton 94:18
anybody 11:23 42:5 42:6 43:20 63:18 81:21 119:10 121:19 131:2 149:15 151:3
anymore 48:5,6,19
anyway 21:15 71:4 80:3 126:25 127:1 140:13
aon 33:17
apologies 121:7
apologize 121:23 162:20
apparently 14:6
appeal 36:12 50:9 122:7,8,9 130:18,21 131:1,4,5,6
appealed 75:13
appeals 36:7 130:20
appear 155:2
appearances 6:4
appears 140:19 141:4
appendix 96:19
applicability 108:10
applicable 91:21 105:11 148:21
application 27:13 27:13,14,20 30:18 111:14
applied 71:10 87:22 128:22 150:13
applies 36:7 88:11
apply 36:11 42:12 47:10 48:5,6 50:14 70:24 71:9 72:4,11 73:21,24 87:18,18 87:19 128:14 129:22
applying 36:22
appreciate 26:18 61:8 89:8 112:8 163:2 167:2
apprised 157:13 158:4 166:14,15
approach 36:19
approached 66:4
appropriate 12:1 12:18,23 13:4,13,15 15:18 16:14 34:21 49:10 86:15,19 90:5 113:9,11 115:15 143:1
approval 10:10 16:24 140:21
approve 16:24 50:15 85:17 133:18 134:4
approved 25:12 27:2,3 35:10 75:2 77:12,16 83:24 155:14
approximately 9:11 84:20
apropos 95:12
area 43:11
areas 143:5
aren't 167:2
arguably 53:11,12
argue 10:19 46:19 62:25 81:18,20 82:3 82:12 83:4,21 90:22 91:1 120:13
argued 10:13 16:12 80:3 81:21 83:20,21 103:16 107:16 112:17 121:23,24 121:24 130:19
argues 90:9
arguing 8:13 16:13 16:18 20:7 64:18 65:6 66:15 74:5,6 122:2 131:3 145:12
argument 2:1 9:18 10:11 20:24 25:2 39:23,25 50:8 51:11 60:2 62:1 69:8 79:25 83:23 84:8 89:11,23 90:12 97:6 97:9,11 108:1 112:18 125:16 162:9 165:23 168:14
arguments 11:1 15:19 16:11 20:13 52:19 79:12 85:7 89:18 92:22 103:23 104:7 120:12 125:17 127:2 160:19,25 162:5 169:21
arising 116:15 141:16
arizona 116:19 138:1
arose 117:16
arthur 3:7 6:7 18:20 22:6 65:16 159:20
articles 80:7
articulate 8:17
articulated 48:22 54:18,20 82:11 83:16
asbestos 48:2,3 73:10 74:10 131:25
ascertainable 78:3 100:21
aside 90:12 152:24
asked 30:7 31:11 32:24 61:5 64:9,10 66:1 74:25 75:20 77:25 81:16 82:13 85:3 86:2,12,14 92:16 100:4 111:9 139:5 154:8 155:7
asking 14:12,13,14 15:22 16:1 66:6 67:13 80:22 98:8

115:6 128:9,10 160:13
asks 47:24
aspect 37:9 49:9 51:9 54:3
aspects 14:10
assembling 27:16
assembly 97:12
assert 39:7 41:9,18 42:15 43:20 57:25 64:15 105:4 110:25
assertable 59:16,18 62:22
asserted 30:12 31:7 41:11 57:12 59:20 60:24 62:6 73:12 79:20,21,23 83:18 90:6 107:23 129:17
asserting 41:6 56:13 57:21 63:17 96:6 103:21
assertion 137:13 160:17
asset 31:15,15 37:8 37:8 49:10
assets 17:13 25:11 28:20 31:22 32:5 45:1 49:13,16 68:18 81:11 118:18 140:22 162:23 163:5 165:16
assignment 140:23
assignor 41:20
associate 137:22
associated 8:21 101:18 112:11 152:6,10
assor 3:25
assume 8:3,10 13:18 16:25 17:14 17:14 21:21 32:25 33:11 35:5 52:4 59:25 110:22 111:12 112:18 121:9 144:24 145:1 146:10 148:8
assumed 10:14 25:15,18,20 26:3,21 47:21 48:7 51:19,20 51:21,21,22 52:1,2 52:12 54:18 57:7 58:5,6 59:1,4,12,13 59:23 62:12 75:6 90:7 102:5,7 136:23 141:13,14 148:15 148:18
assuming 14:9 15:23 21:18 85:17 145:13
assumption 140:23
astonishing 88:19
attach 38:20 39:5 110:2,20 118:5,6
attaches 38:14,25 70:3
attaching 70:8
attack 161:4
attacking 75:23
attempt 40:3 99:11 113:13
attempted 70:17 164:7
attempting 106:24
attention 110:16 128:5
attentive 104:2
attorney 60:5 84:4 106:7 112:17 116:17 138:2
attorneys 3:3,11,19 4:1,8,18 5:1,8 75:10 75:11 116:20
attracted 83:19
auction 55:13,14
audience 144:17
august 94:3
authority 17:15 117:22,22
authorize 144:9
auto 32:13,20
automobile 100:1
availability 10:9
available 88:7 93:25 117:8 169:12
avenue 3:4,13 4:2 4:10 108:18
avenues 162:1
avoid 31:18 98:4,15 106:12 109:16
avoidance 26:7
avoided 86:13 91:19
avoiding 23:8
avoids 143:13
awarded 152:17
awards 152:17
aware 55:18 79:16 80:5 81:4,7 90:20 106:2 107:7 123:9,9 146:13 149:4 150:9 150:11 152:12 154:5
awareness 80:11,12
awfully 111:1

b

b 1:21 19:9,14,16 24:14,18 30:14,21 35:23 36:16 37:3,3 38:1 48:17,19,21,24 48:24 59:15 65:19 66:8,18 67:11 71:14 71:19,22,24 72:2,10 72:16,18 94:17 101:24 127:8 128:5 128:7,11,25 129:4,4 148:3 159:4,6,10,14 159:21,24 160:4,9,9 160:11,13,15,19 161:9,13 162:4,5,8
b.r. 43:24 44:4
baby 42:18,22 156:15
back 8:25 10:7,14 10:14,19,24 11:16 13:17 16:17 17:16 32:10 33:18 37:13 52:18 61:11 70:5 79:10 86:13 88:22 100:16 103:23 104:20 105:19 107:1 111:3 113:21 135:21 136:6,11 144:17,23,25 150:23 169:21
backseat 94:13
bad 95:21
badly 8:7 13:6
bag 95:6 98:24
balance 92:18,19,23 145:25
balancing 144:5
bandwagon 56:3
bankrupt 149:16
bankruptcy 1:1,13 1:23 9:21 17:10 18:3,11,21 19:23 25:12 28:23 35:17 35:22 37:20 39:13 39:14,16 41:2,8,10 41:16 42:4,18,22 43:24 44:17,18,24 44:25 45:2,8,14 49:3 50:18,18 60:25 64:11 65:22 68:4,9 69:11 70:14,16 73:7 73:19 74:21 77:6 80:11,12,16,24 81:10 83:25 84:10 95:23 96:5 98:19,20 99:2 100:1 107:7,7 107:10 108:11 128:3,5 135:4,14 153:15 154:4,6,14 154:16,21 158:4,12 166:15,17 167:5
bar 13:23,25 14:3,5 24:15 28:24 29:7,11 31:10 32:2 34:2,6 34:22 39:2,7 40:19 64:3,7 74:4 78:14 78:15 79:5 80:13,14 80:17,18,20,22,25 83:1,5 102:14,22 103:3 104:9 110:8,9 110:15,18 113:23 118:2 119:7 130:20

133:23 164:19,20
barbara 56:5
barn 111:1
barra 8:23
barred 64:20 74:12 121:15 153:14 154:13,20,21
barron 5:1
base 106:10
based 20:20 21:1,2 22:25 24:12 27:4 33:6 35:16 44:5 67:11 77:7 90:23 100:21,22 118:3 119:8 121:25 128:15 134:14 138:18 143:11 147:23 152:15 155:4
basically 43:25 50:13 86:6
basis 24:6 30:22 46:17 81:4 137:15 138:2 142:2 159:12
battle 35:11 37:19
bearing 144:10
bears 115:19
becoming 135:15
befell 118:20
beg 69:17
began 113:17 146:22
beginning 97:11
behalf 6:8,15,23 7:3 7:7 33:20 35:13 153:1
believe 19:2 38:6 59:7 119:3 141:21 142:24 146:23 150:1 155:11,25 157:10 164:7 165:12,13
believed 24:11 157:8
believes 36:8 157:18 162:8
bell 3:25
bellwether 93:13
belong 130:12,13 136:11
beneficiaries 113:19 164:3 165:17
beneficiary 164:6
benefit 16:24 41:22 42:23 45:6 124:16 138:25
benefitted 138:20
berman 93:10
berman's 93:25
bernstein 11:19 57:14,20 62:14 135:17,23 150:18 151:10,22
bernstein's 61:16
bernstein’s 134:22
best 28:20 31:23 35:18 40:15 65:14 99:23 100:2 104:6 127:2 132:11 155:15
better 17:11 43:19 49:12 67:6,19 113:11 118:3 167:17
beyond 26:17,19 41:20 92:19 104:17 105:17 145:13 149:12
bid 28:20
big 94:9 144:22
biggest 153:3
bike 158:11
billions 31:7
binary 59:23 148:17
bind 125:3 132:1
binders 170:11
binding 18:15
bipolar 15:5
bit 61:6
blamed 21:3
bleeding 13:6
blew 34:6,13,19
block 111:14
blocked 26:3,8
blocks 20:19,20
bloomer 22:8
blow 34:20 65:18 71:13
blowing 12:14 128:4
blown 15:10
blue 50:20,23
body 158:19
bona 30:8,11,25 35:8,11,14 36:23 37:17,17 49:1 83:17
bond 83:23
bondholder 43:20
bondholders 10:12 11:12 83:25
booked 8:15
books 8:10 78:4,17 78:21 79:22 92:13 110:11,11 155:4
borrow 156:11
borrowed 158:7
borrows 158:13
bothers 20:22
bottle 126:17
bottom 117:2 164:14
bought 55:12 56:5 63:10 64:5 95:2 107:17,18
bound 62:20 114:12 117:21 122:15,17 129:7 131:24
bowling 1:14
box 25:20 51:20 52:1 59:24
br 140:19,20 141:4
brainer 129:12
brakes 125:14
brand 56:23,25 100:19 137:22,25 138:8
branded 137:20,24 138:10
breach 77:14
breaches 77:7
breadth 53:22
break 75:7 85:9,14 85:20
breaks 134:1
brief 15:12 16:22 36:6 48:18 59:21 76:4 90:18 91:1 105:15 108:2,12 122:21 160:23 169:23
briefing 29:5 54:23 90:11 120:2 146:13 149:3 153:6
briefly 83:13 142:23
briefs 7:18,23 18:2 48:17 107:6 139:15
bring 41:13 44:8
bringing 130:7 150:24
brings 40:5 140:6
broad 20:17 31:14 66:1,6
broader 29:14,15 48:2 83:22
broadly 8:12 84:2 155:5
broke 55:6
bromberg 4:25 7:7
brothers 160:23
brought 24:4,15 26:2 54:24 57:19 89:1 91:3 111:22 138:1
brown 3:18 6:15 121:9
bryan 5:2
bryant 4:19
buchwald 50:11 51:8 160:24 161:21
bucks 28:2
budd 5:1

building 3:12
bunch 20:4 92:16 103:25 133:21 155:1 162:23
burden 34:1 48:16 49:2,6 76:15 80:19 80:22
burnham 156:20
burton 57:15,16 61:18 62:1,9,15,17 63:15,20 102:3 135:19,20 150:17 150:21,22 151:7,9 151:20
business 33:11 43:8 43:16 46:10 69:2,3 69:11 70:7 92:9 118:18
businesses 92:11
buy 81:11 109:2
buyer 17:13 125:3,3 125:7,22
bypass 19:10
byways 117:12

c

c 3:1 5:12 6:1 94:3 171:1,1
calculate 27:10
caldor 92:8
calendar 78:22
california 116:20
california's 147:8
call 26:22 132:11 151:4
called 26:6 68:2 70:20 71:15 143:8
campaign 139:2
campbell 50:10 51:3,4 74:19
can't 116:8 118:21 119:6 124:2 127:22 128:16,17,19 131:4 131:12 133:12
capably 146:25
captured 95:3,4
car 11:13,20,20 13:20 26:23 28:2 51:7 55:17,19,20,22 56:7,8,11,20 57:2,3 57:3,4 60:13,16 61:24 63:10,19,19 64:21 77:7,9 79:11 79:13 83:10 84:2 87:20,21 89:3 92:6 92:10,21,22 94:11 94:11,19 96:12,22 97:19 101:16 103:19 107:18,18 109:2 115:3 117:10 123:5 150:2,6,13,19 151:11,12 152:11 152:13,15,21,22,23 153:2 157:11
card 53:17 103:11 103:14,15,22
cards 76:3
care 125:6
cared 10:15
career 113:3
carefully 23:9 58:7 139:15
cares 34:14
cars 7:24 9:2,10,11 9:14,25 10:3,4 11:14,21,22 13:23 17:3 28:6 52:23 53:3 60:11,12 64:5 94:6 98:23 100:19 101:9 104:24 105:22 114:14,16 114:22 115:6,13,17 115:22,23 116:1 117:13,17 119:9 138:22 149:21 150:10 151:24 152:11
cart 130:1
carve 47:25 49:24 50:1,8 115:15 117:9
carved 68:20 73:20
carving 31:16 68:21 71:9
case 1:3 11:4 12:9 12:16 15:7 17:10 28:23 29:5,23 32:6 35:1,13 37:13 38:2 38:10,14 39:7,10 40:8,19,20 42:4 43:24,25 45:2,17 47:9,9 48:16,18,23 49:4,8,14 50:10 57:15,19 61:20,21 62:1 63:14,15,20,22 67:14 68:5,10 69:6 69:15 70:14,15,19 71:11 72:2,19,25 74:4,4,5,16,19 78:9 79:8 80:13 83:25 84:10 86:10 87:22 89:1,13 92:2,22 97:3,6,15,18 101:21 102:2,3 104:3 105:10,13 106:22 106:25 107:25 108:3,7,11,16 109:14,19,22 110:6 110:21 113:18 117:21 118:1,8,9,19 122:1 124:22 131:22 132:16,16 133:17 134:15,22 134:23 135:24 136:2 147:6 150:5 150:12,22 151:7,20 152:19 153:3,12 154:15,17 155:17 155:19,23 156:3,5,8 156:10 157:3,15,24 158:1,7,8,9,10,12 158:13,14,19 159:13,25 160:7,11 160:20,21 161:18 162:13,14,16 163:16 166:2,4,10 166:13,23,25 167:1 167:12 170:3
cases 7:20 18:2,9,14 19:7 23:21 29:6,7,9 31:11 38:12,17,21 57:17 61:12 65:15 66:7,22 74:24 79:1 80:10,13,21 83:1 95:5,24 96:13,17,19 96:21 97:2,16,18 99:12,13 100:19 101:19 104:18 105:15,17 107:11 108:8,13 109:12,24 117:23,24 118:22 120:4 121:18 129:22 130:9 134:21 135:1,10 139:15 156:19,20 156:23 157:22,23 158:17,24,25 159:2 159:9 160:3,5 162:12 165:24,24 166:2,16 167:2
cash 13:1
castillo 77:12
catalog 93:2
catchy 54:5
categories 119:24
category 120:6 121:10 137:3
caucus 85:17
caught 79:25
causation 123:10,12
cause 11:22 41:10 47:3 97:13 98:24 135:10
caused 23:18 32:14 105:22,23 115:12
causes 23:3,12,20 44:1,6 125:12 133:25
causing 137:21,23
cent 42:17,20
center 95:5
central 25:9 30:4
century 92:9
certain 3:19 24:3,22 30:3 37:23 43:11 46:25 47:18 59:24 82:24 90:19 92:13 96:7 160:8 164:20
certainly 46:20 82:14 155:15 157:5

158:3,4 166:9,22 168:9
certainty 35:18
certified 77:16 171:3
cetera 139:2,2
chain 11:13
challenge 10:20,20
challenged 75:11 135:5
challenging 10:21
chance 11:2 12:20 15:19 59:23 82:15 130:3
change 82:21 100:5 106:4 113:15 157:1 158:17
changed 63:14 106:14 119:5 128:21
changing 94:15
channeling 74:7,12 74:17,23
chapter 11:4 40:6 80:16,20
characterization 14:18
characterize 160:12 165:15
characterized 107:16 151:21
charge 44:7
charged 91:23 92:4 96:10,12 99:19 100:11 104:23 114:7 117:11 119:10
chateaugay 107:13 150:6
chemical 132:2 156:4
chemtron 158:13
chemtura 132:1,15 132:18 155:13 156:3,5
cherry 18:5
chevrolet 55:12 56:6
chicago 5:10 18:24
chicken 106:3
chief 19:4
childcare 152:9
children 89:3
choice 17:19 33:5 59:23 115:18 164:22,25 165:1
chose 24:10
christmas 130:24 130:25
chrysler 11:19 40:10 57:16 61:17 61:23 122:6 136:2 150:18
chubb 19:1 73:8 74:6 129:11
chutzpah 118:1
circuit 18:13,13,15 18:15,17,18 30:1 40:24,25 41:1 46:11 46:12 50:5 65:24 71:11,18,18,21,22 71:25 74:1 107:13 108:2,9 117:22 129:2 153:13 154:11 156:11,20 158:13,25 166:25 167:5
circuit's 18:25
circulated 81:24
circumscribed 35:15
circumstance 31:10 32:4 35:16 36:3 38:8 60:13 62:21 64:23 65:5,8 66:4,8 66:16 67:3,24 69:5 70:4,11 72:21,24 79:9 81:1
circumstances 11:25 13:3 30:16 31:24 34:5 42:12,12 49:7 66:9 67:6 77:11 108:21 109:22 125:21 156:16 157:3,6,15 158:17 170:13
citation 149:5
cite 29:23 39:10 40:8 58:17 74:15 80:14 97:4 108:2 109:10 166:2,16
cited 18:9 47:9 66:23 79:1 80:10 83:1 96:17 97:2,16 105:15 134:21
cites 38:22 160:23
city 27:12,20
civil 19:24 26:6,14 128:3
claim 8:11 12:12,22 25:5,21 26:25 29:8 34:4 38:16 39:7 40:19,21 41:3,9,13 41:18 42:1,2,3,5,8 42:16 43:4 45:23 47:4,7 54:19 55:14 55:25 57:8,21,24 59:14,18 60:7,8,19 60:21 62:6,11,12 63:16 65:9 68:19 73:12,13,13,18,18 74:5,8,11 75:1,20 76:15 78:23,25 79:3 79:7,8,12,17,18,20 79:21,23 80:25 81:19 83:7,9,9 89:9 96:6 98:21 99:4,9 101:1 107:8,9,10,20 110:25 113:23 118:3,7 123:9,14,15 129:17 130:7,15 132:16 136:8 137:11 138:18 147:7,8,18 153:22 154:9,13,19 156:25 157:9,12,19 158:2 161:10 165:1,2 166:12,14 167:7
claimant 70:23 79:7 98:19 153:18,21 154:9 159:11,18 160:13
claimants 40:14 45:6 84:6 102:4 110:23 130:14 151:21 153:7,17 165:25
claimed 41:4
claiming 17:3 63:24 74:8
claims 8:22 9:3 12:2 12:4,11,20 13:24 14:4 16:25 20:20 23:11 24:12,15 25:22 26:2 31:8 32:1 33:1,15,18 35:12 38:14,24 39:13 43:21 44:1,5 58:3 59:17,18 60:23 60:23 62:19,21,23 75:19 77:9,14,17,17 77:18,22,22 83:22 83:22 89:16 90:23 90:25 91:3 101:15 102:7,14 103:3,8,20 103:21 104:10,19 105:7 106:15,15 107:14,24 109:25 110:2,20,24 112:21 114:13,14,16,20,22 116:11,14 117:16 119:8,25 120:9 121:12,13 122:5 125:21 126:11 129:19 130:12 133:23 135:7,9,15 136:3,3 137:3,10,15 139:17 141:15 147:1,20,21 149:25 150:3,25 151:19,22 151:23 152:8,9,25 153:1,2,14 154:24 156:5 167:18
clarified 85:20
clarify 9:8
clarifying 161:1,23

class 18:8 41:19 76:1 77:15 120:21 120:22,24 131:15 131:18 133:6 150:14
classes 40:13
clause 66:17
clean 67:24
cleansing 105:3
clear 16:19 17:18 20:8,11,12,16 37:1 38:13,18 39:17 41:5 62:7 65:19 69:21 75:6,16 79:24 82:6 82:17 93:9 97:14 100:15 111:10 122:5 124:12,18 125:20 131:11 133:22 136:4 161:5 161:22
clearly 34:3 44:14 51:19 56:15 62:25 70:12 71:10 123:8 125:18,19 146:13
cleave 166:24
clerk 85:23 145:21
client 112:18 146:13 149:8 164:12 165:16
clients 10:18 111:10 112:4 118:20 127:8 129:22 154:25 157:8
clients’ 147:18
clock 105:20 144:22
close 20:4 36:24 113:20 126:16 141:17
closed 31:1 35:8 126:4 130:5,14
closes 37:23 141:17
closest 20:3
closing 32:14 39:23 39:25 58:10 59:15 141:17
cn 72:13
cobalt 55:12 56:6 100:19
code 39:16 41:10,17 44:18 45:8,15 64:11 69:12 70:14
cognizable 161:4
cognizant 136:22
collateral 39:18,19 130:8
colleague 22:7
colleagues 146:17
collective 99:19
collectively 108:23
colloquial 54:7
colloquy 163:22 164:16,18
colt 108:11
come 11:6 18:10,12 22:4 60:16 61:16 62:10 63:21 81:20 119:7 124:7 125:16 126:5 142:13 144:25 152:16 156:1 157:9,19
comes 11:10 18:17 29:15 37:1 100:18 154:18
comfortable 26:1
coming 54:8
commenced 22:20
comment 31:12
comments 6:6 34:18
commercial 125:7
commercially 33:4 106:5
commitment 137:16
committed 89:4
committee 75:9 84:5
common 120:25
communicated 99:15
community 13:11 17:21 42:20,22 161:24
compak 69:6,6 108:17 159:9
companies 92:10 126:14 135:3
company 1:6 4:8 8:15 12:8 27:12,20 54:10 73:8,14,14 78:21,23,23 92:8,21 92:22 118:8 137:17 155:4
company's 8:10 78:21
company’s 138:8
compaq 160:7,11 160:21 162:2
compensate 24:6 69:1 70:2
compensation 22:24 152:16,18
competent 21:19 102:15 104:10 105:5 109:10
competition 147:8 147:18
complain 109:9
complained 72:21 135:1
complaining 71:13
complaint 24:2,2 26:24 54:25 55:1,3 55:10 56:10,16 57:6 57:9 88:24,25 108:24,25 116:14 116:18 121:3,3 124:5 139:9,14,16 139:24 147:2,5,7 150:15 165:6
complaints 22:23 23:1,7,10,17,24,25 55:7 88:8 95:4,8 102:20 116:19 137:5,8,8 138:1,3,3 138:10 139:4 152:1 152:1
complete 167:17
completely 122:14
comply 116:15 147:10,14 148:14 148:19 149:10
component 75:8
comprehensive 92:12
concealed 138:6
concealment 77:8 138:4
concealments 143:18
conceded 26:13
concedes 114:15
concept 36:23 37:22 38:3 39:15 44:14,23 45:11 47:5 49:2 58:2 66:6
concepts 30:8 43:3 45:14
concern 31:17 48:6 53:22 112:10 142:14 144:4
concerned 47:4 86:23 88:22 117:4 169:10
concerns 15:25 95:24 100:4,15 108:10
conclude 104:15 167:3
concluded 21:7 101:23 170:15
conclusion 21:9 91:21 93:7,7 110:12
conclusions 93:15 142:4
conclusive 128:8
conclusory 90:12 102:1
concrete 108:8
condition 28:12 73:23 131:10
conditional 16:24
conditioned 10:10 154:14
conditions 131:13

conduct 16:4 23:12 51:10,19 52:9,21,22 53:1,18 100:6 126:9 137:9,14 138:19,19 139:3 147:3 149:18
conducted 27:6
conference 22:10
conferences 24:17
confession 26:7
confines 112:17
confirm 114:25
confirmation 12:15 154:10 157:23 163:6
confirmed 40:16 118:9
confirming 19:18
confirms 59:10
conform 51:22 160:18
confronted 97:14 135:22
confusion 108:23
congressional 106:6
connection 8:7 43:9 45:15 49:6 61:23 62:3 63:7,9 93:13 99:12 122:23 126:15,16 143:7,18
consciously 143:13
consciousness 130:17
consenting 147:12
consequence 89:6 89:25 98:15 109:6 117:17
consequences 29:12 34:7
consider 20:15 30:6 94:15 163:10,11
considerable 114:18
consideration 112:7 112:23
considered 16:11 159:4,7,8 163:13
considering 159:14
consistent 34:25 36:21 94:20 152:14 165:17 167:17
consolidated 23:22 24:1,2 26:23 54:25 55:1,2 56:10,16 57:5 102:20 138:10 150:15 152:1
constituencies 85:19
constituency 11:7 163:24
constitutes 93:2
constitutional 128:2 132:12 167:18
constitutionality 66:15,24
constitutionally 48:1 129:6 155:17 155:18 156:12
constraints 37:11
constructive 96:13 96:13 117:11
constructively 114:8
construe 8:20
construed 8:12 155:4
consult 92:15
consumer 60:4 75:10 83:22 116:14 116:22,25 137:13 137:18
consumers 137:21
consummated 42:2
consummation 70:20,21,24 71:2,6 72:5,5
contact 107:15,17 150:8
contain 94:24
contained 115:3
contemplate 151:11
contemplated 60:23 74:6,10 85:9 169:8
contend 86:25 98:12 123:19 124:9
contended 101:22 116:18
contending 53:20
contends 89:22 91:17
content 102:8 124:21 133:18 158:18 167:16
contention 10:24 76:8 90:14 96:8 107:22 113:25 116:22
contentious 125:25
contested 40:10
context 12:10 13:5 14:1,1 17:8 37:5 41:3 44:8 45:4 46:14 49:18 63:21 76:16 77:4,9 78:14 87:9,13,17,19,19 91:7,25 93:25 100:2 108:13 117:14 154:4 156:12,13 157:1,1 158:20 163:12
contexts 154:5
contingent 62:19 109:4
continuation 43:8 43:16 129:20
continue 112:14 115:16 142:24
continued 10:8 115:13 119:7 124:12
continues 118:18
continuity 45:25 46:4,5,10,15
contract 101:4 102:6 131:13
contracts 140:23
contractual 54:1,2 54:4 69:21 78:10,13 78:25 79:3
contrary 10:19
contrasted 21:23
contribution 73:13
control 81:3
controlled 124:22
controlling 108:6
controversy 8:4
converted 84:1 162:23
converting 109:25
convicted 105:24
convince 82:5,7 88:20 109:21
convinced 146:10 155:20
convoluted 131:14
cooper 18:22
cope 167:1
core 102:23
cornerstones 156:24
corp 1:7
corporate 45:4 99:16 135:3,3
corporation 43:24
correct 30:2 31:25 32:12,16 121:17 164:19 169:24
correctly 43:22
correspondence 112:3
cost 10:2 11:4,5 27:14,15,16,17,22 100:8,13 101:8,10 112:10 138:13,24 152:21
costly 75:21
costs 100:9
could've 101:12
couldn’t 109:5 118:6 159:1 166:11
counsel 6:16,20 7:8 22:7,11 23:23 38:22 39:23,24 55:6 66:23 85:2 86:3 111:22,23 119:12 143:10,17 144:2,6 166:19,20

168:1
count 86:2 108:1 138:17
counterpart 128:3
country 88:6 117:13 171:21
counts 137:7
county 64:25 138:1
couple 54:23 118:25 136:19
coupled 77:1
course 9:16 12:7 61:7 86:4 91:20 108:22 136:9 139:11,13,25 141:9 145:16 168:17 170:4
court 1:1,13 6:2,9 6:13,17,21,24 7:5,9 7:14 13:3 15:2 22:4 24:23 25:23 27:3,7 28:1 29:25 31:16 32:10,13,17 34:11 34:22 36:4,8 37:9 37:21 39:13 40:25 41:2,8,14 42:13 43:24 44:16 45:2 47:16 50:11,18 51:1 51:6 52:17 53:2,16 53:20 54:7 57:16 58:12,17,21,24 59:1 59:6,8 61:5,14 62:5 63:25 64:1 65:4,12 65:18 66:12,14,16 66:25 67:5 68:6,9,9 68:11,20,25 69:9,13 69:15,17 70:1 71:2 71:11,22 72:3 73:15 73:16,20 74:19 75:2 75:23 76:10,23 78:6 80:21 81:20,23 82:14 84:12,18,25 85:12,16,24 86:15 88:4 89:10 95:8,8 95:12,19 97:6,10,23 98:3,7 101:23 102:4 102:5,15,17 103:13 104:2 105:5 108:3 109:9 111:7,13,17 112:1 113:2 114:17 114:20,24 115:5,20 116:12 117:22 118:10,14 119:13 119:19,22 120:20 120:24 121:7,9,20 122:2,7 123:13 124:3 125:16 126:21 127:12,15 127:19 128:18 129:8,10 131:23,25 132:3,5,6,9,10,15 132:22,24 133:2,10 133:15 134:11,14 135:19 136:5,15,20 137:1 139:6,11,14 140:2,15,18,25 141:3,6,24 142:3,7 142:10,13,14,20 143:1,9,19,24 144:14,16,21 145:1 145:5,9,20,22 146:2 146:7 148:23 149:1 149:4,20 153:13,15 154:18,18 156:5,8 156:14,19 157:25 159:6,14,15,17,19 160:11 161:9,14,18 162:3,17,19,21 163:18,21 164:9,11 164:14 165:4,20 167:20,24 168:9,17 168:23,25 169:2,5 169:12,16,20 170:3 170:12
court's 24:21 112:2
courtcall 170:7
courts 18:11 30:13 67:17 80:14 88:5 89:16 104:10 135:6 156:10 159:10 160:9
cousin 128:6
covenant 38:19 65:1,2,4,6,19 67:15 67:21 149:7
covenanted 148:19
cover 105:21 106:2 106:11 107:4 166:21
coverage 27:5
covered 26:13 60:17 72:20
covering 71:5
covers 120:19
crafted 23:9 112:4
created 29:17
creates 79:16 96:24
creating 159:15
creative 163:16
creativity 166:24
credit 67:7
creditor 8:14 11:7 13:10,12 17:20 41:11,20,21,22 42:15,20,21,22,24 43:18,18,18 62:2,14 62:17 65:2 67:16,19 69:6,10,22,25 70:16 71:1,5 72:8 74:4,14 78:14 90:1 96:1,2 99:7 107:6,9 158:1 158:3 160:25 161:1
creditor's 12:22 71:13 84:4
creditors 11:10,11 15:8 16:6,7 21:17 39:12 40:4,5 41:16 41:25 48:6 62:19,23 62:25 63:1 69:24 71:6 72:6 75:9 78:20 79:5 84:5 89:24 96:5,8 98:13 99:8 100:25 101:20 103:1 109:4,4 111:5 131:17 153:25 155:2 162:24
criteria 24:9 159:21
critical 14:22 30:5 57:5 69:11,16,19 71:18 87:20 91:25 125:2
critically 92:5
criticism 30:3
criticized 108:6,7
cross 166:6
crucial 144:6
crummy 53:9,13
crutcher 4:7
crystal 93:9
ctf 95:4
cube 32:3 34:3 100:6
cubes 110:17
cultural 100:14
cure 79:15
cured 101:12
current 93:17
customer 94:12,25
customers 137:17 138:15
cut 61:6 62:2 71:3 84:7,9 100:11
cutoff 60:21
cutting 100:9 138:13
cycling 108:17

d

d 6:1
da 138:1
daily 81:3
dallas 5:3
damage 65:9
damages 38:23 70:6 70:12 152:6
danger 97:15
dangerous 104:24 105:21
danny 4:23
database 94:22,23 95:7 96:14,15 100:11,12,24
databases 94:23 95:9 96:14
date 9:21,23 13:24 14:1,4,5 28:24 29:7 29:11 31:10 34:2,6 34:22 39:2,7 40:19 58:11 59:15 64:3,7

78:14,15 79:5 80:13 80:14,17,18,20,23 80:25 83:1,5 110:8 110:9,15,18 113:23 118:2 119:7 135:7 135:11 164:19,20 171:25
davidson 3:8 22:7
day 27:6 49:21
days 13:1,21 147:15
dc 97:3
dd 28:15
de 43:8,15 46:6
dead 163:24
deadline 9:23 10:13 84:15
deadlines 32:7
deal 25:3 32:6 33:6 33:7,13,13 34:4 37:9 49:4,20,22 65:5 66:8 70:3 72:10 73:20 77:11 80:13 87:5,10 102:4 117:7 120:25
dealer 56:7,12
dealers 95:1
dealing 29:20 30:10 30:24 31:11 32:3,4 32:19,20 35:25 37:15,16 54:19 57:2 59:11,22 65:8 67:16 69:25 73:16 83:17 139:6 141:23 151:2
deals 57:9,20 139:10
dealt 31:20 80:14
death 89:13 97:1 143:8
debatable 8:20 20:8 51:9
debated 81:13
deborah 4:22 7:2
debt 28:10
debtor 12:13,14,15 12:25 31:14 62:3 68:12,13,14,16,23 68:24 69:8,20
109:25 117:10 118:17 130:13 132:15 135:14 136:12 153:19
debtor's 39:12 68:19
debtors 1:9 117:6
debtor’s 140:21 154:14
deceived 143:7
deception 139:2
deceptions 137:25
deceptive 137:13
decide 11:8 16:8 24:23,25 33:10 66:2 72:20 104:12 142:2 161:3,7,16
decided 43:23 45:22 60:20 111:20 159:3
decides 88:10,11
deciding 19:22 158:4 161:25
decision 18:20,22 18:23 19:1,3 27:7 33:9 40:1,10,24,25 41:1 44:3,12,15 45:12 46:11 47:25 50:9 63:22 64:17,25 65:24 100:9 102:6 111:19 112:15 113:1 115:19 140:14,21 143:3 144:10 147:24 150:17,18 151:9 158:6 160:23 161:22,24 162:2 164:4
decisions 19:12 32:22 50:6 64:24 141:8
decisis 50:4
declined 65:18
decrease 22:25
deeper 87:2 137:18
default 90:9
defect 63:16 64:4 64:21 76:14 77:5,22
86:25 87:7,8,12 89:6 91:10,11,23 96:22,24 97:8,21 98:2,5,6,16,23 99:24,25 100:16,18 101:17,22,25 104:24 106:16,16 107:19 110:13,14 110:24 113:21 114:9 115:10,12,16 115:18 117:13,18 119:2,9 122:18 123:1,1,5,7,7,11,11 123:20,23,24,25 124:14 125:11,12 126:13 129:25 131:19 133:19,20 133:24 134:6 138:9 138:22 143:6 149:21 150:11 151:6 155:24 157:16 164:23 165:25
defective 53:7 61:25 98:22
defects 11:21 60:24 137:20 138:9,13,15
defend 71:21
defendant 154:19 160:3
defendants 41:19
defense 89:3
deficient 128:16
defined 25:15 26:20 52:3 58:7,9 75:17 141:13
definitely 137:8
definition 58:8,15 58:25 59:2 98:23 148:4,5,16
definitions 58:20,21
defrauded 73:10
defrauding 74:9
degree 14:6
delay 8:7 144:5
delayed 75:21
delays 32:5
delivered 141:16
deluca 124:8 128:19 143:11,12
demonstrate 96:9
demonstration 115:9 118:23
denials 90:12
denied 13:22 15:14 15:25 16:3,18,20 17:4 20:6 102:10
deny 17:15 57:24
department 92:7 95:7
dependent 50:20
depends 13:2 162:12
deploy 125:15
deploying 122:23
deployment 89:7 95:6 98:24 115:12
depositions 93:17 93:20
deprivation 90:4
deprived 70:9 126:23 127:1 166:4 167:6
depriving 158:16
described 27:14
description 49:17
design 11:21 60:24 77:7,22 94:6 101:22 101:25
designated 6:15,19 7:8 38:22 85:2 86:3 143:10,16 144:6
designed 9:25 53:10 115:4 148:21
despite 17:25 165:25
destroy 33:1
destroying 32:5 39:20
detachment 66:12
detail 95:10
detailed 75:20

detent 94:16
determination 88:3 98:5 114:10 143:2 144:11
determine 8:11 28:19 86:15 88:6 92:4 102:21 104:9 105:5,19
determined 91:2 97:20,21 98:1,1 102:11,14 105:20 109:9 116:6 160:24
determining 14:22 96:6 147:15
deterrence 143:17
devaluation 138:8
develop 24:5
developed 132:2 143:9 144:12
development 65:1
dhl 158:1,5
diacetyl 156:6
dice 139:16
dichotomy 61:1
dicta 161:21
dictate 40:2,3
dictates 157:2
dictating 158:18
didn't 118:6 120:9 123:14,17,24 125:5 126:6 127:9,9,10 128:20 129:3,4,5,6 129:10 131:25 136:1 147:13 154:25 155:1,2 157:9 158:1 161:1 161:11,21 163:23 164:23
die 10:16
died 89:3 152:17
difference 88:14 131:21
differences 32:1 61:15 83:5
different 12:21 13:15 15:22 16:17 21:10 29:19 31:10 34:7 37:15 39:2 42:15 44:19 62:15 69:5 70:4,11 74:2 91:21 94:24 95:15 95:16,17 102:1 103:16 105:13 107:12 109:15 115:5 124:1,5 139:17 146:14 150:13 153:6 161:12 162:1 165:24 166:14
differently 16:9 26:13 76:12 81:21 150:20
diligence 153:18
diligent 100:23
dimension 155:24
diminimous 112:22
diminution 157:11
direct 27:11,18,21 67:6,16 73:13,18,18 80:5 101:8,9,13 103:8,12 117:19 154:6
directed 28:17 29:6 86:3
direction 18:1
directly 11:6 104:19 160:2 162:14
disagree 46:20 51:16 113:25 129:15 131:9 148:16 164:10
disagreed 130:11 151:22
discharge 12:6,7 40:20 62:7 118:8,8 118:11,13,14 148:9 154:4 157:22 158:14
discharged 12:12 12:13
discharges 12:22
disclaiming 111:12
disclose 87:1,12 99:24 104:22,25 114:7 118:4 126:6,7 138:11 149:19,19 149:20,20
disclosed 49:10 100:25 126:7 128:18
disclosure 28:24 49:13 119:2 126:18 129:25 138:21
discovered 63:16
discovery 93:10,11 93:13,16,16,21 116:5 142:24 143:4 144:4,9 166:8
discussed 25:7 147:20 162:14
discussing 44:16 159:21
discussion 87:17 127:24 148:2 150:16 159:23 160:3
disengagement 134:1
disingenuous 112:16
dismissed 122:8
dispersed 113:19
dispute 8:4 15:6,6 37:20 142:18,19
disputed 142:25
disregard 18:5,16
dissertation 99:13
disservice 163:3
dissipated 111:3
dissolution 117:7
distinction 74:3 93:1 151:17
distinctions 12:2,18
distinguish 30:4 92:1 158:24
distinguishable 83:2
distributable 163:5
distribute 165:16
distributed 163:4
distribution 111:4 111:11,14,21,24 112:6,22 113:14 163:24 165:14
distributions 21:16 40:13 111:18
district 1:2 18:11 18:22,23 43:25 45:3 65:22 68:6,9 97:3 108:3 122:7 132:7 154:18 156:11 157:25 158:5,6,10 160:22 161:9,10,18 161:19 166:2
dna 123:2
doctrine 19:16 128:11
documents 53:23 165:18
doesn't 70:9 116:16 118:23 128:24 132:11 151:13 157:1,23 162:7
doing 9:3 38:1,1 43:9 54:13 57:23 67:11,11 109:25 114:4 154:7
dole 97:15
dollar 21:24
dollars 31:7 42:17 42:18,20,23 134:3
domestic 28:6
don't 116:1,8,23 117:23 118:24 120:16 121:15,17 121:18 122:16 131:2,9 133:23 134:6,7 135:8,15 140:2,7,20 142:3 145:25 149:15 159:20,25 162:3 164:7 165:12 168:7
door 111:1
doubt 124:16
douglas 46:11
dovetail 30:8

dpwn 153:12 154:1 154:3,11,17,22 157:25
drafted 71:16
dramatically 100:10
draw 142:4
drawn 119:4
drew 33:2 106:14
drexel 78:9 92:7,21 92:25 102:16 156:20
drive 152:21,23
driver 152:8
drivers 151:5
drives 151:11
driving 61:24 94:10 94:11,13 149:19 152:14
drove 79:11,13 88:24,25 95:2 151:3
due 8:9 14:10,20,24 15:3,12,23,25 20:6 21:5 24:18,18 25:4 30:7,9,15,23 31:17 34:10 35:3,19,20 37:4,10 38:5,7 48:10 62:13 63:25 66:17,18,19,20 67:2 67:10 68:21 70:10 71:10,12 79:25 80:1 85:7 86:9,11,13,16 86:20 88:5,23 89:21 90:5 92:3 95:24,25 96:3,7 98:12,15 100:1,4 101:13,21 102:3,9,25 103:2 105:9,16 106:20,23 107:24 108:10,13 108:19 109:6,14 117:20 118:1,23 122:14 123:10 124:19 126:22,22 131:12 132:13,19 134:9 136:9 144:8 146:17,18 153:5 154:3 158:5 159:12 160:16 161:10 162:9 163:15 165:13,22 166:5,8 166:24 167:17
dunn 4:7 6:23
dust 163:21
duties 54:15 138:5 165:18
duty 51:18 52:15 56:1,14 57:6,12,13 57:15,19,20,22,22 82:17,19,20 138:11 149:8 151:23

e

e 1:21,21,22 3:1,1 6:1,1 19:3 41:2 171:1
earlier 115:24 130:8 155:7 164:16 164:18 167:1
early 22:23 169:12
easement 70:16,18 70:25 71:4 72:7,7 79:1
easier 12:12 139:12
eastern 158:5,6
easy 61:20 67:7 68:1 78:6 81:23 111:19
ecf 141:4
echoed 40:1
economic 20:17 21:5 22:21 23:16,21 23:24 47:6,13 55:21 56:9 57:19 59:17 62:15,18,22 63:16 77:14 79:16 88:12 88:21 103:6,7 152:5 152:6 153:4 157:11 164:1
ecro 1:25
edward 3:23 6:14
edwards 29:23 35:4 35:13 37:13 38:2 107:25 108:1,5,7 162:13
effect 17:12 33:25 37:18 40:12 42:19 45:5 60:8 63:24 66:19 77:14 93:4,14 97:15 98:2 103:10 107:1 109:13,20 131:19
effective 105:9 125:16 164:20,21 166:11
effects 45:3
effectuate 86:23
efficacy 164:19
efficient 126:14
efficiently 24:20
effort 24:20 103:11
egregious 105:25 109:21
eight 55:15 86:2 103:17 120:17
eighth 3:13
eiseman 3:25
either 12:11 19:15 31:14 33:6,12 42:10 51:12 53:7 62:5 68:3 99:6 102:19 116:2 125:4 133:6 160:6 164:22 165:7
elective 50:16
element 30:21 31:18 46:9 57:5 67:12,22 77:3 112:15 163:15 165:22
elementary 67:2
elements 35:23,24 46:22
eligibility 24:9
eliminating 60:8
ellipses 161:8
ellis 5:7 22:8
else's 34:24
eluded 148:2
email 94:3,7
embedded 48:14
emergent 117:6
emoral 40:24 41:2 43:22,23
emphasis 162:13
employee 99:20
employees 91:13 93:18 95:2 99:15,20 138:14
employment 99:18
encumbrance 70:22
encumbrances 38:13
endemic 38:11
enforce 2:1 14:16 14:17 18:5 19:21 23:6,18 24:15,16 25:10,18 32:11 69:13 87:25 96:3 127:11,20 165:3
enforceable 18:7 87:24 88:2,4
enforced 105:11
enforcing 26:14 67:1 139:22
engaged 164:16,18
engendered 30:3
engineer 94:4,4
engineering 90:23
enjoined 90:8
enquiry 128:4
enrichment 138:18
enron 92:8
enter 166:18
entered 24:24 40:11 70:19 72:3,25 80:18 82:9 109:3
enterprise 33:2,25 78:20 81:12
entire 14:13 159:16 160:4 168:13
entirely 149:13 166:16
entities 73:1
entitled 20:6 21:6 48:20 68:22 95:25 96:7 107:2 120:7 131:17

entitlements 88:15
entity 12:6 25:14 42:16 83:18
entry 140:24
environment 20:3 36:8
environs 132:11
equally 56:3
equitable 25:7 42:9 114:1 125:20 128:25 143:2 144:11 168:4,11,14
equities 127:6,7
equivalent 134:8
erode 73:3
eroding 32:5
erosion 152:3
especially 12:25 20:12 29:20 94:8 103:6 106:25 117:5 145:10 151:14
espouse 104:11
esq 3:7,8,16,23 4:5 4:13,14,15,22 5:5 5:12
essence 57:9 58:1
essential 30:21 69:3
essentially 32:20 147:13 153:15 156:3
esserman 4:25 5:5 7:6,7,7,10 85:5 103:4 119:13 136:15,17,17,21 137:4 139:8,12,13 139:23 140:5,9,17 140:20 141:2,5,7 142:6,8 146:20 147:22 152:20 153:24 167:15
esserman's 127:21 128:7
establish 30:22 144:4
established 45:8 46:16,23
estate 29:13,16 35:19 39:12 40:4,14 41:9,12,15 42:24 44:1,6,7,9 47:3 63:7 63:9 73:5,7 90:10 135:8,9,12,16,25 149:17
estimation 144:5
et 1:6,7 139:2,2
evaluating 153:14
evaluations 154:3
eve 124:7
event 25:9 80:12
events 20:21 21:10 24:3
eventually 23:20
everybody 6:3,10 43:5 56:20 81:7,14 83:24 85:18 166:22 167:8 168:5
everybody's 139:15
evidence 90:14 91:20 93:2 102:1 115:20
evil 164:9
exact 16:12 17:7 63:21 82:8 83:20
exactly 18:10 31:25 44:22 83:2 89:10 103:23 141:22 142:3,6
examination 100:23
examined 166:6
example 53:2 54:22 66:10 116:19 143:25 147:5 148:14 159:14 160:7,10 162:3 166:3
examples 137:6,14
exceed 104:16
exceeded 142:8
excel 108:8,15
exception 7:15,21 43:12,13,14 46:25 47:8,10,15,23 48:5 107:24
exceptional 30:16
exchange 83:24
exclusion 112:20
exclusive 138:12
excused 19:11
executory 140:23
exempt 159:11
exemption 129:23
exercise 158:11
exhausted 136:13
exhibit 94:3,17 121:3
exhibited 131:23
exigencies 12:24 100:5 110:17
exist 13:9 111:5
existed 77:9 119:9 135:7,11
existence 117:16
existing 165:17
exists 97:21
expect 106:13 107:14 145:8
expected 74:11
expense 112:11
expenses 152:10,12 152:22
expensive 131:14
explain 88:2 137:2
explicit 132:3
explicitly 25:25 44:12,14 45:18 160:6
explicitness 76:19
exploit 164:5
exploitation 164:8 165:15
exposed 31:6 132:2
express 41:17 163:7
expressed 18:1 60:17
expressly 14:12 161:25
expunging 12:10
extend 105:3
extensive 27:2,7 137:24
extent 7:11 12:21 13:14 48:1 62:5 81:15 115:3,20,21 118:21 127:25 145:11 150:18 152:5 158:23 162:21 163:17 164:17 167:9 169:10
external 95:1
extinguish 38:12 49:18 70:17,21,23
extinguished 38:9 38:18 40:18,23 45:21 47:4 48:10,13 69:9 72:9,16 76:14 76:17 80:17 81:1
extinguishment 29:8 38:15 39:1,4 65:10 67:4 71:13 83:7
extraordinarily 17:9
extrapolated 27:17 27:19
extreme 36:9
extremely 75:21

f

f 1:7,21 39:21 44:17 47:5 97:22 98:3 122:6 136:4 171:1
f.2d 97:4
face 63:13 127:13
fact 14:14 19:21 26:1 29:6 30:14 37:16 45:22 46:23 79:19 81:10 87:5,21 90:19 98:11 99:24 101:3 104:3 106:1 106:21 111:13,21 111:21 112:3,9 113:12,15 114:6 116:7 118:19,25 119:6 120:7 130:13 137:15 139:1 141:7 147:6,24 154:2 157:21 158:7 161:1

162:2
facto 43:8,15 46:6
factor 45:24 46:15
factories 156:6
facts 10:22 13:2 30:3 35:9 66:3 106:20 138:5,7,25 142:25 143:15 155:17,22 156:16 156:18 157:3,14 158:16
factual 10:7 24:22 137:7,19 143:5,9,11 144:9,12 151:2 155:20 167:10
fail 114:7 119:7
failed 87:1,2,12 104:22 118:4 137:21
failing 98:4
failure 13:10,14 73:23 90:3 99:23 104:25 116:15 117:18 128:6 138:21 149:18 166:18
failures 7:23 77:7 148:14 151:23
fair 7:17 168:7
fairly 113:3
faith 28:9 29:21 36:1,25 37:24 142:21
fall 18:4
falls 55:3
family 89:7
far 6:24 45:11 61:9 79:10 143:13 148:2 149:12 163:18 166:16
fashion 112:1
fast 110:18
fatalities 88:13 91:6 105:22 121:5
fault 111:6,7 123:11 123:12,18
favor 127:7 143:16 144:8
favored 16:20 18:8 42:24
fear 100:17
february 1:18 164:24 171:25
federal 19:24 44:17 44:21,25 45:10 51:22 92:11,14 94:21 100:24 106:18 110:12 116:21 124:10,11 128:2 148:20
federally 47:2
fee 27:12
feel 7:12 54:10
feels 26:12
fees 107:15
feinberg 24:5,9,11 91:8 152:16,18
feld 4:17
fell 121:19
fiancé 105:25
fiction 165:23
fictitious 53:6
fide 30:8,11,25 35:8 35:11,14 36:23 37:17,17 49:1 83:17
fiduciary 41:12 84:5 165:17
field 95:2 166:17
fifth 46:24
fight 34:24,24
figure 61:10 107:2 139:20
figured 122:22
file 12:20 23:18 29:8 40:19 76:15 107:20 113:23 118:3 120:9 124:24 127:9,10 137:11 154:9 157:19 165:2
filed 9:3 14:4 22:23 23:6,7,17,23,25 27:4,12 48:18 82:1 89:17 92:20 107:14 116:19 120:17,18 120:22 124:23,23 127:10 133:17 163:8 165:1,5,5
files 122:25
filibustering 145:14
filing 9:21 13:24 28:23,24,25 80:11 80:24 88:24,25 121:11 135:7,11
final 140:3 161:4 163:14
finality 35:18 108:20
finally 19:6 20:1 90:8
financial 8:12 78:5 78:7,8,12,15,19 92:7
financing 10:9
find 10:22 14:9 21:4 47:9 157:4 159:16 159:17 167:10
finding 10:7 14:20 14:24 28:11,14 31:2 31:5,20 52:16 76:18 87:15 114:3 141:24
findings 10:20,21 128:17 141:7,23 147:24
finds 15:2 163:2
fine 14:16 85:15 142:18 144:20 162:25
finish 167:25 168:6
fired 91:13
firestorm 106:6 119:1 124:6
firm 60:21 92:7
first 7:21 11:1 14:11 15:20 16:11 22:2,9 25:2 34:16 38:11 39:3 40:17 61:13 62:5 69:23 73:24 76:1 86:9 89:21 105:13 111:12,21 118:21 120:15 126:3 128:13 131:15,18 133:6 137:17 146:23 150:22 153:16 159:2 164:17 165:7
fit 7:16 66:23
fits 72:23
five 16:10 18:9 19:7 38:10 48:11 61:12 64:24 65:15 66:22 74:24 79:11,13 83:13 87:9,11 88:24 88:25 89:3 104:21 105:21 106:3,15 107:4 108:13,14 114:7 115:11 126:8 134:2 144:21 147:15 162:25 168:15,15 170:1
fix 34:14 55:17
fixed 53:3
flaxer 4:5 6:11,12 7:9,11 142:11,12,16 142:22 143:23,25 144:15
fleet 95:4
flexibility 84:21 159:15
floor 92:24
focus 8:7 12:17 13:12 37:19 72:25 109:19 110:7 115:7 118:19,19 127:24
focused 137:17
focusing 109:16 129:20 142:23
fold 111:4
folger 108:15
folks 7:15,22 11:6 20:1 103:20 142:11 153:11,23 154:24 164:3
follow 50:4 157:2
followed 110:8 118:22

following 41:25 104:21 161:6
follows 154:10 161:2
fond 151:8
footnote 44:15
force 17:13 32:13 32:20
forced 96:9 165:11
ford 97:15
foregoing 171:3
foremost 150:22
foreseeable 8:18 78:3
foreshadowing 81:9
forget 104:20
forgive 89:18 103:13
forgotten 13:18
form 20:16 81:24 82:3 99:5 119:5 123:7 124:20,21 125:8 133:18 134:5 158:18
formed 32:14
former 93:17
forming 137:14
formula 27:20
formulated 33:7
forth 124:7 139:17 150:24 153:13 154:12 157:19
forward 8:19 28:12 28:13 54:3 118:2 149:25 156:2 157:9 166:4
foul 105:16 118:5
found 10:14 28:8 46:7 71:12 88:19 102:11 166:5,23
foundational 31:18 50:25
four 13:5 27:18 43:10,15 45:23,24 46:22 65:21 120:17 134:2 162:25
fourth 45:20 90:6
frag 17:23
frank 115:25
frankly 18:16 86:18 88:18 102:8 116:4
fraud 63:25 64:1,16 101:23 129:23,24
fraudulent 43:9,17 46:8 77:8 135:5 138:3
free 16:19 17:18 20:12,15 36:2 37:1 38:13,18 39:17 41:4 53:17 54:5,13 62:7 65:18,23,23 69:20 75:5,15,18 82:6 103:11,14,15,22 114:13 122:5 124:12 125:20 131:10,11 133:22 136:4 161:4
freshman 26:6
fritz 8:22
front 86:19 93:12 120:18 160:1
fuel 150:23
fuentes 66:10 105:14 109:12
full 87:4,9 140:4 144:9 145:25 147:9 147:25
fully 27:8 104:2 144:10,12 145:8
function 95:25 102:23 113:6,7
functionality 106:10
fund 152:16
fundamental 37:9 37:23 39:1,14 40:17 49:9 50:25 67:12 151:17
fundamentally 39:21 51:15 64:18 151:19,24 158:15
fundamentals 156:24
funds 81:13 113:18 164:5
funneling 39:12
furman 23:22 88:5 88:10,11 93:12 104:12 116:7 120:18 132:21,23 139:19 155:15
further 21:16 64:1 75:8 111:18 120:5 137:19,25
future 48:6 62:2,14 62:17,25 63:1 74:4 93:14 97:7,13 107:1 109:4 143:17 151:21 153:1

g

g 6:1
garden 27:12,20
gather 9:9,10 14:12 14:14
general 1:7 3:3 5:8 6:8 22:20 23:17,25 25:10,11,19 26:20 28:13 29:1,2 32:8 32:19 42:3 43:2,10 46:1 47:21 48:8 54:14,21 57:7 60:20 60:20 62:12 78:19 81:10 83:11 87:19 97:3,18 98:2 100:1 106:7 111:5 116:20 122:19 123:12 133:16 138:2 144:2 155:3 162:15
generally 16:20 43:3 80:2 108:21
generals 60:5 75:10 84:4 116:17
genuine 51:7
gerber 1:22 132:7
getting 160:10 161:20
gibbs 6:23
gibson 4:7
give 12:19 13:10 14:1 15:18 16:23 29:12 41:15 54:22 58:17 67:1,3,6,7 79:2 85:13 87:14 97:4 98:17,18 109:3 116:24 117:15,18 119:8,10 131:14,16 133:8,12,13 137:6
given 9:5,9 12:22 13:9,12,16 16:14,16 21:10 27:3,5,11 29:14 30:15 66:19 73:4 100:5 103:1 113:22 129:3 130:3 133:6 153:10
gives 41:21
giving 29:11,17 39:18,19 42:21 79:4 80:24
glad 51:14
glom 117:24
glove 25:20 51:20 52:1 59:24
gm 7:23,24,25 8:6,6 8:24 9:10,15,16 10:3,9,16 11:17,18 13:8,9,22,25 14:4 16:3,25 20:21,21 21:1,2,3,10,11,17 21:23,24 22:17,18 23:2,2,11,11,13,15 23:18 24:5,5,11 25:5,13 26:2,25 27:24 28:2,8 29:13 32:14 33:20,24 46:18,19 51:7,8,10 51:18,25 52:1,1,1,2 52:2,4,4,5,6,7,8,8 52:10,11,12,14,20 52:21,22,22,24,25 52:25,25 53:3,5,6,7 53:8,8,13,16,25 54:1,3,17,19 55:19 55:20,21 56:7,10,17 56:20,23,23 57:2,3 57:3 59:11,13,16,19 59:19,20,22 60:11 61:1,2 62:11,22

63:9,10,12 64:2,2 64:20 75:3 76:3 77:5,17,18 79:21,22 80:9 82:17,19,20,23 82:24 87:1,6,12,21 89:9,14,22 90:9,14 90:19 91:1,9,12,17 91:19,22,22 92:2,4 92:15 94:4,4,20 95:2,13,21 96:9,10 96:12 97:8,10,16 98:16 99:11,18,25 100:3 101:25 103:8 103:11 104:19,22 105:3 106:5,12,17 107:17,23 110:7,9 110:10 113:10 114:6,13,15,15,23 115:3,4,14,19,21,22 115:22 116:1,2,9,9 116:23 118:4 119:7 119:7 120:1,10 121:12,13 123:19 123:19 124:22,22 125:4 126:1,3,4,5,9 126:10,10,12,13,15 126:16,17,17 127:3 127:4,5,6,10 129:18 133:17 136:25 137:5,12,15,19,20 137:22,23 138:4,5,6 138:7,10,20,22,25 139:1,7,10,17 141:12,18,19,21 143:7,21 146:11,25 147:2,3,4,9,10,13 147:21 148:18,21 149:16,16,18 150:9 151:1,8,13 152:13 152:16,21 153:1,9 153:25 154:23 155:21 157:4 158:23 160:23 162:12 163:17 165:1,10,23 167:10
gm's 10:15 21:3 25:14 28:10 39:23 51:24 80:11 87:25 88:7 89:3 90:10 95:7 99:8 100:8,23 101:2 111:22,22
gm’s 115:18 116:15 122:24 137:5,9,24 138:11,12,19 141:14 143:6 152:3 160:17
go 11:20 12:14 15:16 21:24 26:16 42:3,16,17 45:11 47:16 53:21 90:16 90:22 91:4 92:19 93:6 95:10 97:17 106:2,24 107:1 120:10 122:9 126:19 133:11 134:16 135:21 136:5 137:19 142:21 144:1 149:25 163:18 165:1,20
goal 70:13
god 123:18
godfrey 22:8
godfry 5:12
goes 87:2 88:22 104:20 138:15 143:12 149:11,12
going 6:6 10:25 14:1 15:4 21:15 28:12 33:3 37:24 46:2,3 47:4,17 49:11 52:6 53:11 54:3 55:1,5,16 57:24 60:13,16,19 60:25 62:13,14 63:19 65:20 66:16 69:13 70:5,23 73:17 75:18 79:4,15 81:11 82:21,25,25 84:16 85:4,5 87:4,6,7,8 89:15 91:4 93:6 94:17 95:10 98:20 99:2 106:24 107:3 110:19,22 111:10 112:25 115:14 119:17 122:1 126:5 126:19 128:18 129:15 135:5 136:5 136:10,18 140:12 141:8,14 143:13 145:1,5,6,12,16,17 152:21 157:2 163:10 165:11
golden 169:3
goldin 4:23
golenbock 3:25
gonzalez 40:7,8
good 6:2,14,18 7:2 7:6,14 22:5 28:9 29:21 36:1,25 37:24 67:19 76:6 111:8 119:15 132:17,18 132:18 134:5 136:15 142:20
goodwin 3:10 6:19
gotten 29:15 35:7 35:12 64:19 74:15 101:12 109:5 111:15
govern 71:3 165:18
government 10:15 10:16,23 25:13 33:24 46:2 81:11,13 124:11,11,23
government's 10:12
government’s 124:25
grady 18:24
grandson 158:11
grant 5:1 17:2,18 20:12 162:6
granted 16:19 144:7
granting 143:16 159:21
gravamen 151:25
great 38:19
greater 167:16
green 1:14
grenade 17:24
groman 4:1
grope 115:23
gropper 154:5,8,10 154:16
ground 36:6
grounds 37:4,11 66:2 67:11 68:21 159:3 161:7
group 16:4,5,6,21 42:21 100:11 103:20 108:18 121:10 123:3 146:6 150:1
groups 60:5 146:19
grumman 61:17,20 61:21 62:10,16,16 63:2,3,3,5,6,10,14 108:22 109:5 135:18,18,23 150:5 150:12 153:3 158:7
guarantee 78:11,13
guarantees 78:11
guc 4:9,18 6:23,25 10:25 46:19,20 56:2 103:17 109:1 111:2 112:1,21,21 113:13 113:19,19,25 144:25 145:3,5 149:17 163:2,4,7,8 165:2,8,11
guess 16:6 141:20 144:17
guide 119:22
guides 50:5 154:3
guiding 154:17 167:4
gump 4:17 7:3 168:23
guy 69:2 132:24 166:6
guys 14:18 15:4,25 20:7,18 21:17 51:4 71:23 85:13 103:16 128:9 144:17,23 145:11 164:3,6 169:12

h

h 4:13
half 61:3 81:23 85:13 168:14
hall 19:5
hand 12:19 20:18 61:17 62:7
handled 135:21
hands 125:19
happen 11:22 110:21 117:14 119:1 131:8
happened 46:18 47:20 81:7,8 89:13 89:14 91:17 105:19 105:20 106:19,21 124:3,9 130:22 131:22 134:9 135:12,13 151:7 167:9
happening 81:8
happens 39:21 61:9
hard 84:15,19 150:4,11
harder 49:14
hardship 48:25 163:25
harm 105:16 118:5
harris 1:25
hasn't 145:3 162:14
hauer 4:17
head 91:12
heads 112:14
hear 6:10,11 10:25 22:2 26:12 82:15 84:19 87:20 89:18 89:19 99:12 105:24 119:13 149:15
heard 6:4 11:2 15:13,14,17,24 16:17 20:13 83:23 84:10 87:16,17 90:4 114:11 115:2 120:7 126:24 145:7 155:9 156:25 161:14 166:1,9,20
hearing 2:1 10:8 13:5 28:16 32:23,25 33:16 39:22 48:17 49:19 60:3,4 75:4 80:3,5 81:4,6 98:20 99:2,2,3 119:3 121:6 124:1,1,7,10 125:24,25 156:2 162:21 166:7
hearings 125:4
heartbeat 76:25 111:15,18 112:10 163:23
heavily 143:16
held 24:17 62:19 69:7 70:16,25 72:7 131:23 159:10,17
help 11:3 19:8,18 19:22 35:20 61:15 101:20 119:22,23 128:11 133:2 145:24
helpful 9:13 17:20 137:2
helps 133:4
henderson 8:22
here's 153:12 164:15
hey 128:9
he's 129:20
hi 142:12
hidden 107:19
hide 126:1
hiding 76:3
hierarchy 99:16
high 143:6
higher 49:7 144:3
highest 28:19
highlight 86:5 94:2 138:17
highlighted 83:3 142:24 143:12
highly 20:8
highways 117:12
hill 56:5
hilliard 120:19
hindsight 105:18 106:23 109:16 113:8
history 87:10 122:19
hit 94:10 136:18
hitting 94:13
hmm 65:17
hold 13:5 111:23 112:3 116:11,14
holder 71:4 146:14 168:22
holders 4:18 7:4
holdings 19:6 44:4 140:22 154:11 161:2
hollow 109:11,11
hon 1:22
honor 6:18,22 7:2,6 7:11 22:3,5,9,14 24:17,25 26:18 27:1 27:6,10 28:8,12 30:5 31:11,20 32:6 32:12,16,23 33:5,8 34:17,23 35:4,9 36:18 39:25 41:24 42:25 43:12 45:12 45:18,22 46:7 47:25 48:11 49:15,23 50:1 50:3,7 51:13 52:9 53:24 54:9 55:9 60:6 61:4,8 62:24 63:11,20 64:12,15 64:23 65:25 69:5 71:20 74:24 75:20 77:11,12,21,25 78:24 80:4 81:16 82:10 83:3,15,23 84:15,24 85:3,9,11 86:1,11,17,19,21,22 87:24 88:2,16,20 89:2,20 90:11,13 91:4 92:1,16,20 93:3,9,22 94:17 95:11,22 96:15 98:10 100:3 101:6 101:23 102:8,11,12 102:16,18,23 104:5 104:8,9 105:23 106:21 107:5,6,21 108:5,12,14,16,22 109:10,18 110:16 112:7,9,13 113:1,5 113:7,24 114:1 115:8,25 116:10,24 117:2,4 118:16 119:11,15 120:15 120:23 121:2,14,21 123:10 124:18 127:18 128:24 129:14 131:7 132:9 132:14,21 133:5 134:4,7 136:2,12,17 139:4 140:7 142:2 142:16,22 143:23 144:7,9,12,15,20,24 145:8,24 146:8,13 146:22 147:11 148:3,10,25 149:3,6 149:24 150:5,17,19 151:8,23 152:2,12 152:24 153:8 154:2 154:5,11,22 155:7 155:13,14,21 156:7 156:9,10,17,22 157:4,20,22 158:15 159:13,25 160:8,22 161:3,17 162:11,24 163:8,14 164:8,15 164:16 165:7,19 166:5 167:1,3,9,19 167:22 168:13,20 169:4,7,10,19,24,25 170:1,10
honor's 28:17 31:25 44:11 50:9 87:1,14 88:1 91:6 102:9,20 102:21 104:6 105:1 114:3,9
honoring 12:2
honor's 119:16 143:1 157:25
hook 89:14

hope 146:4
horse 130:1
hot 136:19
hour 61:3 85:3,4,12 94:10,14 144:17,19 144:20,23 168:14
house 136:14
hundreds 15:8
hurt 121:11
hyde 2:25 171:3,8
hyperbole 76:2
hypothetical 53:6 133:8,11,12,14
hypotheticals 133:8

i

ice 32:3 34:3 100:6 110:17
idea 132:17,18 158:21
identified 23:4 24:22 25:4,6 131:19
identifies 155:14
identify 75:3 76:16 94:21 101:2 149:25
ignition 8:21 9:25 22:18,25 23:16 24:8 28:3 53:7 55:17 79:9,20 86:25 87:7 89:6 90:21 91:2,10 91:23 94:6 97:8 98:22 100:16 101:11,18 104:23 106:16 110:13 113:21 114:8 115:10,21 116:2 122:18,24 123:1,4 123:10,11,20,23,25 124:13 125:11,12 126:13 129:25 133:19,24 134:6 137:6 138:9 143:5 151:6 152:14 157:16
ignore 31:4,4 50:23 50:25 128:18
ignored 15:11
ignoring 12:14 26:9
ii 128:10
illinois 5:10 158:10
illustrate 146:16 147:5
illustrated 78:10
illustrious 113:3
imagine 94:12 124:6
imagining 76:10
immediately 81:25 161:6
impact 87:14
impacted 35:2 101:11 102:13 106:9,15 114:9
impending 111:21
implement 132:10
implementing 156:20
implicated 106:10 150:14
implicit 160:15,20
implicitly 160:6 161:10
implied 77:8
importance 80:1 84:9 114:18
important 17:9 20:2 45:24 68:17 71:19,23,24 72:2,18 89:21 92:5 93:2 96:16 124:19 125:1 130:16 135:16 136:25 137:2 146:23 151:18
importantly 25:17 28:11 75:9 160:21
impose 17:22
imposed 139:19
imposition 45:5
impossible 113:20 113:20
imprint 139:24
improper 66:21
impropriety 105:18
imputation 99:12 99:13,14,17
imputed 99:25
inability 125:14
inadequate 135:6
inappropriate 89:11,12 112:5 126:18 135:2
incidents 90:20 97:7
inclined 14:23 21:4 21:7
include 11:5 93:24 106:14 137:15 141:15
included 19:4
includes 38:14
including 84:2 93:18 94:21,25 102:10 108:8 129:21 143:17
incomplete 128:15
inconvenienced 17:4
incorporated 115:17 157:6
incorporation 147:25
incorrectly 121:23
increased 138:23
incur 29:18 91:5
incurs 97:20,23
independent 51:18 52:9,15,21 54:15 56:1,14 57:6,11,13 57:22 74:22 82:17 82:19 138:4,5 147:1 147:21 149:8 152:25
independently 54:2 104:25
indicated 86:17 93:23 104:14
indication 119:8
indiscernible 6:12 7:19 8:22 10:18 12:4,10 13:3 15:7 15:15,17,23 16:12 16:14 17:10 18:3,21 18:23 19:9,11,20,23 21:13,25 22:2 25:22 43:4,6 53:12 66:12 66:13 77:13,13 82:4 82:5,8 90:8 101:7 103:24,24,25 120:8 127:17 142:14 143:22 159:22 169:1,22,23 170:1,2 170:4
indisputable 153:25
individual 41:13 67:7 89:2 105:24 121:1 130:13
individually 99:21
industries 108:9
industry 73:10,10 73:11 74:9,10 108:15
inevitably 91:3
inexcusable 13:22
infected 100:8
inference 124:17
inform 155:7
information 10:1,4 93:24 94:24 95:3 113:23 124:8 125:2 125:15,23 128:24 134:2 152:15 157:7
informed 144:10 158:19
informs 133:5
infrequent 11:24
inherent 12:24
inherently 143:2
initial 138:21 165:3
initio 15:20
injunction 64:7 72:24 73:1,15,17,23 74:7,12,17,18,23 112:11 150:7 154:20
injunctive 112:8
injured 11:14 17:5 129:23 131:20

156:1 157:19 158:11
injuries 88:13 91:7 105:23 109:9 121:5
injury 89:13 96:25
innocents 35:6
inquiries 106:7 143:8
inquiry 116:5 128:11 153:19
insidious 100:13
insists 149:8
installed 115:13,22 116:3
instance 137:12 150:25
instantly 137:1
instinct 20:5
institute 7:24
insulating 52:9
insurance 73:4,6,8 73:9,9,14,14,19 74:9 138:23
insure 115:15 138:14
integrated 50:19
integration 69:3
intend 86:3 145:25
intended 23:24 103:9 116:24
intentionally 98:4
interchangeably 23:2
interest 38:13 39:18 39:20 44:11 68:15 68:19,23 71:14 158:16 159:3 161:4 167:6
interesting 66:1
interests 158:22 159:1 161:12 162:22
internal 95:1 122:21
interpret 102:24 162:4
interpretation 72:17 102:7
interpreted 154:16
interpreting 71:8 72:3,10,14,19
interprets 150:5
interrupt 119:19
interrupted 145:11
intervention 112:2
introducing 6:25
introduction 93:8
invalid 105:6
invalidate 66:16
invalidating 19:20 67:9,9
investigated 90:24
investigating 126:12
investigations 106:7
invoke 128:7
invoked 159:4
invoking 65:19
involve 18:11,12 52:24 72:16 139:17 139:18 158:25 166:17
involved 20:21 30:10,13 51:24 52:22 56:2 74:2 81:14 88:13 101:15 101:17 103:6,7 125:8,8 126:2 127:4 150:22
involves 15:13 72:16
involving 105:22 151:15,15 158:10
irregularities 166:18
irrelevant 81:16 82:22 99:16 102:9
irreplaceable 69:4
irrespective 149:9
isn't 141:20 164:14
isolate 43:2 55:8
issue 10:8 15:1 16:9 20:22,23 21:9 25:5 25:5,6,7 26:22,25 28:21 30:5,10,13 34:4 35:2 38:4 47:22 48:9,9 49:15 49:16,23 53:21,21 54:19 57:14 60:15 62:10,13,14 63:14 63:23 68:10,13 73:17 75:1 77:21,21 77:23 78:24 81:15 81:16,18,19,19 82:22,23 84:5,14 89:21 92:2 97:11 98:13,14,15 104:6 109:15 115:1,5 121:25 122:10,14 122:15 124:19 125:19 128:1 135:22 142:17 143:2 144:8 149:13 151:19 153:3 166:22 168:18
issued 9:4 20:16 32:8,9 81:5 82:6,7 83:6 95:13 103:23 154:5 155:21
issues 8:8 20:22 21:17 24:19,21,23 25:1,3,4 26:11 30:7 31:21 33:24 37:17 37:21 48:14 49:20 53:12 55:8 63:11 90:23 92:14 94:21 100:8,14,14 120:25 122:1 138:9 141:23 142:23 146:4 161:22 165:6
it'd 9:13
it'll 88:10,11
item 50:24
items 35:19 69:4
it's 114:17 117:21 117:22 118:25 119:3 124:9,10,18 125:3 126:13 127:3 127:23 128:25 130:1 131:14 134:10 139:20 140:13,17,21 141:2 143:3,25 144:1,22 144:25 145:12 148:17 149:2,2 150:4,11 153:15 155:23 158:21 164:7,15,23 168:7 168:17,20,20,22
iv 72:22,23,24 73:7 74:2,3,4
i'd 130:1 140:9 156:17
i'll 118:19 133:13 142:20 143:4 148:2 148:5,16 151:10 155:15 157:24,24 159:5,12 161:20 162:11,12 163:14 167:19,25 168:6 170:12
i'm 116:7 118:16 119:17 121:8,22 125:22 128:6 132:22 134:19 136:18 139:21 140:12 141:3,8,15 141:22 145:11 149:4 151:10 152:14,20 159:22 160:1 161:14 164:9 164:11 167:25 168:2,6
i've 119:17 125:7 139:15 145:6,11 168:1

j

j 3:7
jack 16:12
jail 53:17 54:5,12 103:11,14,15,22
jakubowski 121:23 121:23 122:2,9
jakubowski's 51:4

james 94:4
january 154:7
jersey 68:5,10
job 19:25
john 18:24
johns 19:1
joined 120:20
jonathan 4:5
jose 18:21
judge 1:23 6:14 11:8,18 12:22 13:12 17:13,16,17,20 18:21,22,23 19:4,4 19:14 23:22 37:14 38:2 40:7,8,11 44:3 45:9 49:3,21 50:11 50:13,15 51:8 53:11 57:14,20 61:16 62:1 62:10,14 63:17 65:22,22 66:4 67:14 68:6 80:8 85:22 86:1 88:5,10,11 93:12 104:12 110:21 116:7 118:1 120:18 128:10 132:10,21,23 133:16 134:4,22,22 135:17,17,18,23 139:19 140:8 142:12 150:18 151:10,22 154:5,8 154:10,16 155:15 160:24 161:9,19,21 162:7
judge's 34:12
judges 17:23 19:5 45:18
judgment 33:11
july 10:11,12 128:17,21 136:6
jump 97:4,22
jumps 56:2
june 8:6 9:20,21,22 81:9,24,24 95:13 121:11
jurisdiction 73:17 88:6 102:15 104:11 105:5 109:10 121:24 122:3,4,11 122:12
justifiable 9:6
justify 7:25 45:13

k

k 1:7,25 19:3
kaplan 80:8
katzmann 19:5
keene 43:23 134:24 134:25 135:1,17,24
keep 26:15 70:5 85:4,8,10 87:7,8 139:21 169:8
keeping 85:7
keith 4:14
ken 24:5
kept 48:16
kids 94:13
killed 11:14 17:5 133:21
killing 105:25
kind 6:24 16:23 19:11 34:1 53:18 67:23 74:12 93:15 112:16 113:4 116:5 119:25 120:8 125:17 130:16 133:5 154:15
kinds 129:24 137:3
king 3:3 6:7
kirkland 5:7 22:7
knew 7:25 8:24 53:9 64:4,20,20 65:2 67:20,23 80:2 83:10,11 87:1 91:22 92:3,4 96:9 98:16 98:17 101:25 104:22 110:13,24 110:24 118:4 123:14,16,17,19,19 123:20,21 126:4 137:20 153:9,17,20 153:25 154:23 155:21 157:4,5 158:3
knock 19:15 50:16
knocking 133:7
know 6:3 8:23 10:18,25 11:11,23 12:6 26:7 27:2 30:2 36:9 48:4 50:1 53:4 54:5,8 60:6,7 61:5 62:23 63:2,9 68:8 68:17 72:13 78:2,18 79:1,3,9,13,14 80:7 80:15,15,16,18 81:2 81:4 83:8,12 84:15 87:7,12 89:1,5 91:9 95:20 96:24 99:4,5 101:9,14,16 103:18 105:23 106:3,19,20 107:3,20 110:19 114:4,5,5 116:1,8 118:6 120:16 121:19 123:14,17 128:21 129:14 130:18 132:5 133:7 134:2 136:5 140:6,6 140:7,20 144:3 152:15 158:1 160:7 164:23 170:10
knowing 92:5 96:11 104:23 114:8 119:11 124:13 147:12
knowingly 53:5,7 53:13
knowingness 149:18
knowledge 80:23 99:14,17,19,21 117:11 138:12 143:5,14,19,20 144:1 146:11 147:15 155:3 167:11,13
known 8:11,14 9:1 61:25 62:24 65:1,10 67:16,18 69:21,22 69:25 74:14 79:5 81:14 87:11 88:23 90:25 91:23 96:1,8 96:22 98:13 99:8,24 99:25 101:17,20 102:4,25 106:16 107:19 115:10,11 115:11,12,13,16,18 117:13,17 119:8 123:25 131:17 138:15 153:17,20 153:24 154:24 158:1
knows 93:9 106:21 117:10 150:5 163:8 166:22
koepp 19:3 70:14 72:2

l

l 4:5 5:5 41:2
lack 114:11 121:24 126:17 161:7
lackadaisical 125:5
laid 93:12
land 38:19 65:1,3,4 67:15 70:22
lane 109:11,11
language 37:5 78:2 82:8 131:4
large 9:17
largely 26:10
larger 8:1 158:19 161:23 163:12
lasalle 5:9
late 12:11 84:25 154:9 165:2
latent 60:24 63:15
laundry 108:12
laura 94:3
law 12:9 17:22 25:21 35:1 38:14 39:14 44:17,18,25 45:1,15,17,22 46:6 46:7 47:11 50:5 51:21,22 52:3 59:24 60:19 87:22 89:18 91:21,22 92:5,11 94:21 95:23 96:10 100:1,1,22,24 104:23 105:2,10,14

106:18 110:12 114:7,13 116:21 117:21 119:11 128:2 147:8,14,18 158:19 163:17
laws 47:12 116:15 116:23,25 148:20 149:10
lawsuit 38:23 89:4
lawsuits 22:19 24:4 38:24 73:2,3 92:20 92:23 155:1
lawyer 21:19
lawyers 22:9
lay 139:19
lays 139:23
lazy 125:5
lead 23:22 55:6
leading 100:12 101:19
learned 132:18
learning 9:12
leave 49:25 126:6 170:11
lectern 22:4 88:18
led 23:16 109:14
ledanski 2:25 171:3 171:8
ledger 78:19 92:17 92:19,23 155:3
left 59:23 136:14 163:9
leg 16:5,7 42:21
legal 8:8 43:4,6,16 46:7 95:7 121:16 171:20
legion 105:17
legitimate 81:12
legitimately 82:13
lehman 49:4,8,22 160:22
lemon 25:21 51:21 52:3 59:24 60:18
length 150:2
lengthy 27:8
lest 108:22 112:13
letter 26:14 85:2
letting 101:14
let's 126:1 129:8 146:21 165:7 169:16 170:6
level 96:7 143:14,14 144:2 149:22 157:25
levels 143:6
lewis 54:24 55:12 55:23
liabilities 8:21 17:14 23:5,13 24:13 25:15,16,17,18,19 25:20 26:3,21 28:19 28:22 33:10,14 49:17,19,20 51:20 54:18 58:5,6 59:2 59:12,13 75:3,6,7 75:18 76:17 77:23 126:6 136:23,23,24 136:25 141:12,13 141:14 148:4,6,11 148:13,15 149:14 149:14
liability 8:15 16:9 20:20 21:8 23:3,9 28:10,11,14 31:2 41:3,5,7,9,18 42:1,5 42:7,16 43:3,11 44:1,5,16 45:4,6,14 45:16,23 46:16,24 47:22 48:1,7 50:24 51:2 52:14,16 55:2 55:5,9,25,25 56:14 57:8,10,24 58:3,6,8 58:9,10,16,24 59:1 59:4,4,14 63:18 75:19 76:18 81:20 81:22 82:3 84:6,14 87:18 88:3,11 90:6 102:5,12 103:16 104:8,13,17,17 105:3,7 115:19 120:12 121:16 122:16,17 124:13 125:17,18,21
126:11 129:16,17 129:21 130:2,4,7,9 130:15 131:1,11,20 133:23 135:22 136:8 137:5,11,12 141:15 148:9,11 153:20 155:6
liable 25:14 47:18 53:10,12 56:10,18 56:25 148:8 149:17 152:21
license 69:7,9,10,16 69:18,25 70:6
licensee 69:14
licensees 69:12 70:1
lien 9:22 67:4,5 70:3
lienholder 67:7
liens 38:13 75:16
lies 90:9
lieu 19:24
lifland 134:22
lifland's 44:3
light 112:23 138:25
liked 133:1
likewise 88:3
limit 48:3 127:22
limitation 94:25
limited 103:18 170:4
limits 145:13
line 33:2 43:12,13 43:14 46:25 47:8,10 47:14,23 50:20,23 105:22 106:4,14 109:22 117:2 119:4 129:21 164:14
liquidating 12:5,7 46:14 118:11,13
liquidation 1:6 106:12 110:4
lisa 4:13 6:22
list 92:23 108:12 155:2
listed 78:20 96:19
listen 109:24 110:14
listening 54:10 170:7
listing 92:20 166:20
literally 163:9
litigant 82:1
litigants 16:5,6 51:6
litigation 15:7 73:7 73:25 78:22 113:17
litigations 102:22
little 33:21,22,22,22 38:6 41:14 43:13 54:7 61:6 64:9 74:25 90:16 133:19
live 19:15 36:7,10
living 19:17
livingston 19:5
llc 3:3 5:8 140:22
llp 3:3,10,25 4:7,17 5:7
loans 84:2
long 21:3 52:21 87:17 99:17 105:21 111:1
longer 13:7
look 15:20 19:14 30:13 58:3 60:22 78:1 79:8 92:23 97:17 109:12 112:14 126:20 128:9,10,16,17 153:16 156:15
looked 122:10 139:16 155:8,10,12
looking 19:8 31:21 49:8 54:4,14 57:11 78:4,21 103:14,15 117:9 120:3 126:22 127:13 136:22 169:23
looting 135:4
lose 55:5 127:25 128:15 129:18 130:2
loss 11:22 20:17 21:5 23:17,21,24 47:7,13 55:21 56:9 56:11 57:19 59:17

62:15,18,22 63:16 69:1,10 77:14 79:16 88:12,21 103:6,7 125:13,14 133:25 152:5 153:4 157:11 164:1
losses 22:21 152:6
lost 120:13 127:1 130:7 152:11 157:11
lot 10:17 12:9,12 20:14 22:12 28:17 29:9 47:18 61:5 87:16 107:22 128:20 131:16 137:4 157:20 162:13,15 166:23
lots 73:25 77:6 131:8
low 122:23
lower 18:10 28:2,3
lunch 84:23,25 85:10,10

m

m 35:24,25 36:7,11 36:15,21,22,23 37:5 37:25 41:2 87:14 107:3 114:3 130:17 130:18,19,20,20,21 131:2,4
macarthur 39:10
machine 124:2
madison 4:2
maelstrom 125:24
magnitude 56:22 81:6
mail 9:24 27:11,15 27:18,21 67:6,16 76:1,2 80:5 101:8 101:10,13 117:19 131:15,18 133:6
mailed 13:20 14:2 75:25 76:6 99:6 167:14
mailing 10:2 11:5 134:3
mailings 9:19
main 22:4 85:18
maine 108:4
maintain 87:6 92:13 100:25 107:3
maintained 95:7
majority 97:9 113:18
making 12:1 32:22 45:13 52:19 98:24 111:18 112:22 113:13 118:14 120:12 121:17 125:8 131:13 160:25 165:14
malfunctioned 90:21
man 89:4 134:24 144:19,20
management 99:15 143:6,14,21
manager 100:19
mandated 92:11,15 110:12 155:17,19 156:12
mandates 91:21
mangle 151:10
manifested 123:7
manipulate 142:1,4
manner 98:14
manslaughter 105:25
manufacture 55:19 56:7
manufactured 60:14 61:24 114:15 114:23 115:4 123:2 139:7 148:21
manufacturer 87:20,21 92:6 94:19 96:12,22 97:19 98:3 117:10 156:4
manufacturer's 97:12
manufacturing 60:11,12
manville 19:1,2 39:10 72:22,23,24 72:25 73:4,7,22,25 74:2,3,4 127:7 129:3,3 166:25
marketplace 117:12
marshals 170:7
martorana 4:14
mary 8:23 18:22
massaged 141:20
massive 91:11
master 148:3
material 138:7 151:1 159:23
math 101:6
matter 1:5 9:22 13:11,13 15:20 40:10 44:17 45:22 46:6,7,23 53:22 59:6 63:20 66:18 67:21 68:13 80:19 90:2 91:8,22 92:5 93:23 95:23,23 96:10 99:25 105:2 109:6 110:12 113:12 114:17 116:7 119:11 121:24 122:3,4,11 122:12 128:2 131:3
mattered 127:2 130:5
matters 51:3 126:24
matthew 4:15
maximize 40:14
mdl 23:22,23 88:5 93:12 116:6
mean 14:8 42:7 44:22 46:18 78:4,12 80:1 82:12 84:10,12 85:18 140:18,18 142:3,4 157:23,24
meaning 36:10 161:11
meaningful 126:24
means 41:17
meant 132:8 141:12 141:22
measure 132:19
measured 132:13
meat 95:19
mechanics 53:4
media 27:5
meet 73:23 97:12 104:15
meeting 112:11
melting 32:3 34:3 100:6 110:17
memory 159:20
mention 48:19 131:25 134:6 143:4
mentioned 159:22 162:19
merchantability 77:8
mere 90:22 129:20 130:23
merely 40:5 80:23
merger 43:8,16 46:6
merit 129:19 168:9
merits 122:10
met 24:8 101:24 104:13
metzger 18:20 64:25 65:16 66:3,5 67:14,17,25 108:16 159:9,13
mic 6:11,25
miles 94:10
miller 33:20
million 9:10,11,14 9:20 10:3,4,6 13:20 13:20 14:2,2 27:18 27:19,22,22 28:1,4 28:5,6 56:19 101:8 101:9,10 131:15
millions 15:8
mind 22:13 44:14 76:24 89:1 93:1 128:21 144:11
mineola 171:23
minimize 77:20 80:1

minimum 62:16
minority 47:18
minute 7:13 15:16 84:18 130:10 144:22
minutes 83:13 85:3 85:4,21 168:15,15 169:6 170:1
misconduct 91:13 93:19
misguided 56:3
mistaken 32:15 68:7
mm 65:17
models 155:25
modestly 15:6
modification 114:2 130:21 131:5,6
molds 68:10,12,14 68:20 69:2,2 70:7 72:13,14,15
moment 35:5 134:10
monetarily 70:2
monetary 22:24 38:23 65:9 70:6,12
money 100:6 159:2
month 154:6
months 60:14 76:22 165:4
moot 122:8
mootness 25:7 168:4,11,14
morganstern 101:21
morgenstein 63:22 63:23 64:17
morning 6:2,14,18 6:22 7:2,6 22:5 119:15 136:14 145:7,18 146:9,22 147:23 150:16 168:3 170:5
morphed 126:10
mortgage 79:2
mortgagee 79:2
motion 2:1 10:10 23:6,18 24:14,19 82:1 87:25 88:8 124:21,24 127:9,9 127:10,10 133:18 136:7 140:21 160:12,13,14 161:13 162:4,5 165:9
motions 24:16 25:10,18 165:3
motor 45:2
motors 1:6,7 3:3 5:8 6:8 22:20 23:17,25 25:11,11,19 28:13 29:1,2 32:8,19 42:3 46:1 47:22 48:8 54:15,21 57:7 60:20 60:20 62:12 81:10 83:11 97:3,18 98:2 122:19 123:12 133:17
move 95:18 146:22 162:11
moved 109:23
movements 114:1
moving 32:2 34:5 66:18
mpa 141:13
mullaney 156:15,21 157:2
multifold 118:20
multiple 94:9
multitude 22:14 27:4
murder 89:4,8
musings 162:7

n

n 3:1 6:1 171:1
name 121:22 162:15
named 11:20 54:24 79:19 81:2
names 101:5
nanosecond 126:4
narrow 66:2 117:9 121:10
narrower 20:25
narrowness 161:2
national 108:15
nature 65:19 77:5 86:11 98:21 101:1 101:14 110:24 131:19
necessarily 15:1 78:11 132:12 157:10 168:7
necessary 7:12,24 12:23 33:4 34:14 52:7,7 106:5 107:22 152:10
necessitated 91:11
necessity 80:24
need 16:15 17:8 18:19,25 19:7 21:12 30:7 37:18 50:4 61:10,11 66:7 72:18 75:7 84:17,20 92:22 99:5 100:6 107:5 108:20 117:4 144:18 151:12 156:15 159:16 163:21 169:11
needed 69:2 75:15 77:5 147:15
needs 12:21
negative 45:5
negligent 125:5
negotiate 120:3
neither 42:11 70:25 108:5
never 10:16 51:12 74:6 75:11,12 79:7 80:3,4 82:2 99:15 107:9 113:3 114:25 119:25 130:2 153:10 165:1
new 1:2,15,15 3:5,5 3:12,14,14,21,21 4:3,3,11,11,20,20 6:8 7:24 8:6 11:20 13:8 16:25 20:25 21:2,3,10,23 22:17 22:20 23:2,15,17,18 23:25 24:5,5,11 25:10,13 26:2 27:24 28:8,13 29:2 32:7 32:14,19 42:2 43:6 43:25 46:1 47:21 48:7 51:7,10,18,24 51:25 52:1,2,4,5,8 52:11,20,22 53:3,5 53:6,8,16 54:1,3,14 54:21 55:19,19,21 56:7,10,17,20,23 57:2,3,3,7 59:13,20 60:19,20 61:1 62:12 63:12 68:4,9 82:17 82:24 84:13 87:5,6 87:25 89:14 90:9,14 91:9,12 92:2,9 95:21 103:8,11 104:19,22 105:3 106:5 110:7,10 111:22,22 112:1 113:10 114:6,13,15 114:15,23 115:3,14 115:18,19,22,22 116:1,9,15,23 119:7 120:10 124:22 125:4 126:1,5,10,10 126:13,15,16,17,17 127:3,4,5 129:18 132:7 136:24,25,25 137:5,5,9,15,24 138:4,6,11,11,18,20 138:25 139:1,10,18 141:14,18,21 146:25 147:2,3,4,10 147:13,21 148:18 149:18 151:8,13 152:25 158:23 160:23 162:12 165:1,10,23 166:20 170:5
newman 4:22 7:2,3 7:5 168:20,24 169:1 169:4,7,15,19
newspaper 80:7
nhtsa 96:23 143:7

nicer 44:20
night 163:25
nine 86:2
ninth 108:18
nissan 56:6,12
nitsa 147:12,14 149:19
non 89:7 95:6 98:24 115:12 119:2 129:25
normally 6:11
north 5:9 144:2
northern 45:3 158:9
note 7:3 162:12
noted 75:14 122:21
notes 44:16
notice 9:5,8 11:9,17 12:18,19,21 13:9,11 13:13,15,20,23 14:2 14:4 16:14,16 24:19 27:2,4,11,15,21 29:11,13,14,15,18 34:20 35:7,7,13 38:8 64:3,6,19,19 66:14 67:4,6,7,16 67:19 69:7,24 70:17 74:15 75:1,2,5,12 75:14,20,24,25 76:6 76:13,20 77:1,19,24 79:2,4,12 80:6,6,23 80:25 81:15 83:5,19 84:11 90:1,3 96:13 96:13 98:14,17,18 99:6 101:8,10 103:1 107:9 109:3,6 111:13 114:11 117:16,18 119:10 124:20,21,25 125:2 125:9,9,10,10 126:2 126:3 127:4 129:6 131:15,17,18,18,25 132:3 133:5,7,17,18 133:24 134:5 151:6 153:7,10,21 154:1 155:5,8,12,18,23 156:12,24,24,25 157:7,12,23 158:5 158:15,18 161:5,7 161:11 164:19,20 164:21 165:25 166:11,12,12 167:6 167:13,14,16
notices 8:25 9:4 10:2,6 14:5 27:18 76:3,7 95:13 124:19
noticing 78:13
notification 97:13
notified 63:7,8 107:7
notify 96:23 170:6
notion 67:18 88:22 105:12 117:20 163:15 165:21
notwithstanding 62:6 108:20,20 160:9 161:23 166:6 166:19
number 7:17 9:7,17 28:3,5 74:1 84:3 86:12,14 90:19 91:6 101:3 108:8 120:16 130:3 146:3 152:12
numbers 91:5 163:17
ny 171:23

o

o 1:21 6:1 19:3 41:2 171:1
object 13:21
objected 9:3
objection 132:16 165:5
objections 9:23 27:4
objective 72:4 78:1 79:6
objectives 35:17,21 35:22 36:15,16,18 37:20,23 44:24 49:3 74:21
objector 68:11,22 70:9
objectors 83:19
obligation 51:21,23 51:24,25 54:1,2,4 97:20,23 111:25 112:2
obligations 94:20 103:12 106:17 116:16 141:18 148:15
observed 95:14
obtain 101:5 154:12
obtained 99:17
obviate 80:24
obvious 16:2
obviously 27:1 63:9 66:2 102:23 108:5 144:3 153:3
occur 97:7
occurred 7:18 121:6 124:6 138:19 139:3,6
occurs 41:8 58:10
october 93:17
offer 30:16
offering 12:3
office 111:20
oh 114:24 133:19 134:11 135:23 136:10 142:11 145:5 168:19
ohio 45:3
oil 92:8
okay 6:13,24 53:20 84:18 85:24 95:22 120:20,24 133:2,13 133:15 136:15,19 141:6 142:7,13,20 143:24 144:16,21 145:9,22 146:2,7 167:20 169:2 170:3 170:8
old 7:23,25 8:6,24 9:16 10:9 11:20 13:9,22,25 14:4 20:21,21 21:1,3,3 21:11,17,24 22:18 23:2,11,11,13 25:5 25:11,14,19 26:25 28:10 29:1,13 33:20 33:24 39:23 46:18 46:19 51:8,25 52:1 52:2,4,5,7,8,10,12 52:13,21,22,24,25 52:25,25 53:7,8,13 53:25 54:17,19 55:15 56:11 59:11 59:16,18,19,22 60:11 61:2 62:22 63:9,10 64:2,2,20 75:3 76:3 77:5,17 77:18 79:20,21 80:9 80:10 81:10 82:19 82:20,23 90:10,19 91:1,22,22 95:13 99:18 110:9 115:4 115:21 116:2,9 119:7 120:1 121:12 121:13 122:19,24 124:22 126:3,4,9,12 126:15,16,17 127:5 137:12 138:5,22 139:7,17 141:12,18 143:21 146:11 148:21 149:11,16 149:16 150:9 151:1 153:9,25 154:23 155:21 157:4 163:17 167:10 171:21
olsen 135:18,18,23 153:3
olson 61:17,20,21 62:10
once 23:6 37:23 41:8 42:23 114:3 121:7 128:9 139:19 165:1
ones 121:1
one's 156:25
onstar 95:5
open 111:1
opening 90:18 109:11

operated 97:8
operators 97:14
opinion 16:11 18:16 29:25 40:9 46:12 140:3,15,16 141:1 154:6
opinions 61:16 71:15,17
opponent's 26:5
opponents 18:9 29:6 30:4 51:2 96:2
opportunity 16:16 109:20 110:25 111:3 114:11 120:3 120:9 126:23 127:1 156:25 166:1,9
oppose 130:3
opposed 143:9
opposite 61:16 63:4
opposition 130:4
option 19:15
oral 2:1 25:2 90:12 108:1
orange 138:1
order 12:15 14:13 15:9,10,10 16:20 17:18 18:14 19:4,11 20:12,16,19,25 22:16 23:7 24:12 26:4,8,9,15 27:8,24 28:8,15 30:14,22,23 31:3,3,4,10,19,21 32:2,8,9,11 36:2 37:3 40:11 49:25,25 50:8,14,15,18,21,23 51:9 52:10 53:17,18 58:4,13 59:9,19 60:22 62:20 66:8 69:8,13 70:20,21 71:2,6,8,21 72:3,4,4 72:5,5,10,15,17,19 72:20 75:11 80:21 81:23,25 82:3,8,11 82:18 85:6 87:24 88:1,1 93:23 96:3 98:15 102:9,13,21 102:24 103:10 104:9 105:1,11 107:3 109:2 114:3 114:12,16,21 115:6 115:15 117:14 122:4 126:1 127:13 127:23 128:1,5,15 128:15,16,22 129:7 129:7 130:6 131:3 132:1 138:20 139:21,24 140:6,10 140:12 141:9,20,25 142:2,16 144:10 147:12,22,25 149:10,11 150:4,7 153:15 154:10,12 154:20,21 159:11 160:4,15,19 161:5,8 162:6,10 166:19 168:5 169:8
orders 18:3 95:1 103:2 138:11
organization 137:19
organized 113:16
original 41:20,23 145:13
originally 85:8 113:18
ornament 130:24 130:25
ought 87:22 112:1
outcome 13:15
outline 22:16 61:9 68:3 86:6 119:17 136:13
outset 86:22 89:11 93:4 111:9 164:22
outside 158:24
overbroad 82:12
overlook 21:20 119:6
overlooked 140:12
overly 31:14
overnight 168:8
overpaid 138:23
overpay 137:23
overreaching 104:4
override 35:19
overruled 108:7
owned 41:16 46:2 68:14 69:7
owner 9:19 75:11
owners 13:21 28:2 96:23 97:9 100:21 101:2,5 124:15
ownership 45:25 46:4,5,15
owns 63:18

p

p 3:1,1,16 6:1 19:3 19:3
p.c. 4:25
package 27:16
page 97:5 140:14
pages 7:22 16:10 90:11
paid 37:8 77:18
paired 100:12
panel 19:4
paper 39:11 81:5
papers 29:24 38:22 40:9 74:16 89:22 93:11 96:18 101:7 108:25 109:1 110:8
paradigm 47:21 66:23 72:23
paradigmatic 166:3
paragraph 28:15 59:10,10
paragraphs 147:6
paraphrase 92:21 94:5
paraphrasing 58:13
pardon 69:17
paren 141:17,17
paris 108:3,6,7 162:14,17,19,21
park 4:10,19
parker 166:2
parsed 82:20,24
part 14:15 17:9 18:5,5 19:17,17 20:7,8 33:19 39:14 40:23 52:10,25 53:13 61:24 72:25 73:7 74:23 93:11 94:15 95:11 97:11 100:10 110:22 115:4,13 116:8 128:10 131:9 133:11 139:8,8,12 147:9 148:5 153:16 153:19
partial 64:10,14
partially 31:3
participate 24:11 29:16
participating 7:3 146:14
particular 32:6 67:14 79:8 80:12 97:18 109:1,14,19 129:1 130:10 134:21 151:9
particularity 64:16
particularly 89:12 142:23 166:1
particulars 121:18
parties 9:9 12:20 24:1,21 30:25 75:14 102:9 117:14 121:18
parts 18:6 20:21 23:11 52:22 53:4 75:8 115:6 116:10
party 29:21,21 30:12,17,19,20,25 31:6 34:6 36:17 37:6,7 48:25 55:24 116:4 154:12 165:8 167:5
pass 116:24 154:8
passengers 97:14
patent 69:7,12
patience 145:14
pause 25:23 28:1 34:11 36:4 51:1 121:7 123:13 127:12 129:10 148:10

pawn 51:11
pay 110:16 148:9
peck 49:3
pending 9:12 87:4 122:9
pennies 92:24
penumbras 129:24 129:24
people 7:25 8:25 11:13 13:23 14:2 15:10 16:12 17:3,5 17:21 21:1 27:22 32:21,21,22,24 36:6 48:5 54:10 56:17,18 56:19 58:11 60:7 65:2 67:1 70:25 77:6 78:22,23 79:11 81:2,3 84:2 88:12 88:24,25 98:22 99:7 101:10,14,15 103:17,19 109:2,3 113:8,10 119:25 120:11,16,17,19,20 125:3,15,18 126:12 127:5 131:15,20,23 132:1 133:21 137:10 140:11 143:21 150:8 152:13,17,19,19 156:6 157:7,14 164:2 167:14,17 170:13
perceive 140:8
percent 152:23 163:5
perfect 60:10
perform 11:15 148:9
period 9:20 110:8 114:6 152:22
periodic 24:17
peripheral 50:22
permissible 19:16 41:19 48:1
permission 16:3,18 170:14
person 29:11,12,17 29:18 31:18 34:5 35:6,12,14 60:19 61:22,24 63:24 70:2 70:25 72:7,7 83:8 99:1,6 161:3
person's 71:3
personal 89:12
personam 122:5 136:3
personnel 90:19 100:11,15
perspective 99:8,9 118:17 131:16
persuaded 128:6
pertains 108:19 148:11
pervasive 87:8 91:2
peskoe 3:25
petition 89:13,15 100:13
pha 128:9
phase 11:1 25:2 93:16,16,21 128:4 128:10
phases 28:23
philadelphia 103:24
phrase 54:5 86:21 87:1
phrases 23:8
pick 18:6 145:17 170:6
picking 92:25
picks 75:19
piece 81:5
place 17:17 24:3 34:16 49:25 73:24 102:6 116:4,6 126:3 161:20 162:13
plaguing 137:20 138:10
plain 36:10
plainly 129:12,15
plaintiff 47:7 54:24 55:23 56:5 61:22 62:16,16 99:1 101:21 146:24 166:3
plaintiff's 66:22
plaintiffs 3:11,19 4:1 20:17 21:6 24:4 24:7,17,24 43:19 47:13,14 48:2,3 50:13 55:3,21 56:9 57:20 59:18 62:15 62:18,18,25 63:4,8 64:14 79:19 81:2 83:2,10,20 88:7,12 88:21 89:23 90:15 90:18 91:18 96:4 102:19 103:5,7 104:10,15,18 105:4 105:8 108:23,24 110:14 113:16,21 114:12 115:10 116:11,12,13 118:3 123:4 137:23 138:22 146:19 147:7 148:17 150:1 150:14,21,24 151:21 152:25 153:4 160:18 163:10 164:1,21 165:5,9,10,12 166:10 170:4
plaintiffs' 157:14 165:13
plaintiff's 149:24 151:25 158:22
plan 28:25 40:2,6 40:12,16,20 64:2,8 64:10,12 70:17 74:7 74:23
play 100:14
playing 106:3 169:2
plead 64:16
pleading 101:24 104:16 120:2
pleadings 90:16 142:25
please 6:2 17:1 22:4 25:23 28:1 34:11 36:4 51:1 58:18 85:24 123:13 127:12 142:13 145:22
pled 23:3,12
plenary 71:17
plifka 4:25 7:7
plus 163:4,5
pm 145:20 170:16
pockets 11:6,10
point 11:2 13:8 25:7 26:17,20 27:23 32:13 34:13 36:14 39:22 40:7,17,22 46:24 50:7,25 51:14 59:10 63:15 70:5 83:14,16 84:16 89:25 90:2,6,14,19 91:25 95:12,15,16 95:17,19,22 98:16 101:11 106:4 108:25 111:20 112:16 113:10 114:14 116:10 117:2 121:16 127:20,21,22 130:2 130:16,17 131:7 134:18,20 135:16 145:15 149:4 150:9 164:25
pointed 56:5 108:14 108:16 135:13 147:22
points 136:19
polar 15:6
policy 35:17,22 36:15,16,18 37:20 44:24 49:3 74:21 117:3 118:17 130:19
polk 101:4
poly 159:5
polycal 68:2
polycel 68:1,2,17 69:4 159:9
poor 42:21
poorly 9:25

populated 126:12 127:5
populating 126:13
porsche 97:15
portion 137:9 139:9
portions 139:21
posed 146:5
position 9:8 14:19 17:1 19:22 26:5 32:2 43:19 51:3 77:2 83:20 96:2 99:16 107:8 112:19 113:22 118:3,25 121:14 149:7 157:14
positions 14:11
positively 11:11
posner 29:25 37:14 38:2
possessed 99:20
possession 110:10 135:14
possibility 21:20 90:22 140:3
possible 40:15
possibly 162:1 166:11
post 20:21 24:2,7 25:21 26:23 29:1 33:18 47:20 51:23 52:5 54:25 55:7,10 55:10 56:9,15 57:5 60:16,24 61:21 62:11 63:13 89:13 108:24 116:14,24 135:14 137:9 139:3 139:6 147:2 150:15 154:4 163:6
postage 27:16
posturing 10:13,23
pot 110:1
potential 8:21 11:10 42:17 67:4 81:9 92:14 123:4 136:9 153:20,22 154:24 155:6
potentially 9:1 31:7 32:5 47:17 76:17 168:4
pothole 94:10,14
power 125:13,14 133:25 134:1
powledge 89:1,2
practical 13:19
practices 132:11 155:15
pre 55:10 89:14 90:15 105:8 121:4 135:4 147:1,4,7,7 150:8 153:4
preceded 161:15
precedence 141:10 141:25
precedent 18:15 73:23
precedential 17:12
precious 90:16
precision 71:16
preclude 45:5
precluded 103:10 130:6
predicate 116:21
predicated 28:6 35:9 55:25 147:2,9 147:19
preempted 47:2
preemption 44:21 45:10
prefer 169:7
prejudice 14:21,22 14:25 30:18,19,20 31:5,6 36:17 37:6,7 81:16,17 83:14,16 90:4 109:12,18 110:5 115:9 117:20 117:23,23 118:20 118:24 119:6 126:20 129:5,11 163:12,15 165:19 165:21 166:25
prejudiced 129:12 129:15 163:11
prejudicial 127:3
preliminary 6:6 112:11
premise 130:12
premised 21:11
premiums 138:24
prepare 168:8
prepared 8:3 33:10 33:25 86:6 92:19 139:21 168:6
prepetition 33:10 73:13 103:20,21
preposterous 158:23
presale 24:1,4,7,13 32:25 33:15 47:13 50:10,12 55:1,2,3,7 91:7 103:5 104:18 104:24 108:24
prescribed 139:20
present 10:19
presentation 86:4 119:16 155:11
presentations 7:16
presented 22:16 49:15 64:2,3 66:3 71:21
preserve 65:4 106:12
preserving 39:12
pressed 115:14
pressure 100:3
presumably 164:1
pretty 20:7 21:19 111:10
prevail 113:7 160:19
prevent 73:18 112:21 113:13 145:12
price 31:23 35:19 135:6
primarily 22:24 46:2 116:13 143:11
primary 28:16 143:4 162:12
principal 142:14
principle 17:22 39:11 162:15 169:21
principles 51:11 167:4
prior 59:15 77:6 90:20,24 93:23 142:25 146:12 150:24
priorities 45:7
private 116:17 148:13
privilege 112:18
pro 111:4
probable 8:19
probably 26:17 54:10 61:10 66:9,9 130:13 136:5 142:8
problem 29:17 34:15,15 36:19 41:14 55:17 63:19 66:5 79:13,14,15 82:5,7 91:3 94:8,22 133:20 150:23 151:15
problems 14:10
procedural 66:19 166:18
procedure 19:23,24 26:6 75:11 128:3,3
procedures 27:3
proceed 146:24
proceeding 39:13 98:19 127:8 151:5 165:6 166:21
proceedings 91:20 93:3 108:11 170:15 171:4
proceeds 28:21 38:15,21,25 39:5,19 40:21 65:7 69:1 70:3,9,12 110:1,3,4 110:21 117:25 118:5,6
process 8:9 14:10 14:20,24 15:3,13,23

15:25 20:6 21:5 24:19 25:4 30:7,10 30:15,23 31:17 34:10 35:3,20,20 37:4,10 38:5,7 48:10 62:13 63:25 66:17,18,19,20 67:2 67:10 68:21 70:10 71:10,12 79:25 80:1 85:7 86:9,11,13,16 86:20 88:23 89:21 90:5 91:16 92:3 95:24,25 96:3,7 98:12,15 100:1,4 101:13,21 102:3,10 102:25 103:2 105:9 105:16 106:23,24 107:24 108:10,13 108:19 109:6,14 117:20 118:23 122:14 124:19 126:22,22 131:12 132:13,19 134:9 136:10 144:8 146:17,18 153:5 154:3 159:12 160:17 161:10 162:9 163:16 165:13,22 166:5,8 166:24 167:18
processes 94:20
procter 3:10 6:19
produced 156:4
product 43:11,12 43:13,14 45:6 46:25 47:7,10,14,23 48:5 63:24 64:5 129:21 137:16 141:15
production 59:14
products 141:16
profit 57:3
profited 56:23
program 24:6,9,11
programs 94:9
prong 30:16 37:6 45:23,24
prongs 20:9 43:10 43:15
pronouncing 121:22
proof 48:16 49:3,6 137:11 154:9 165:2
proper 29:18 35:12 49:17 69:24 77:24 97:12 99:14
properly 16:22 21:21 29:13 49:10 77:7 95:14 97:9
property 38:9 39:17 39:20 40:18,22 41:6 41:21 42:6,8 44:11 45:21 48:10,12 65:10 68:22 69:19 135:8,9,12,15,24 158:16,22,25 161:4 161:11 167:6
proponent 33:21 76:16 80:22
proposed 81:24,25
proposition 29:10 51:17 96:21 97:19 99:14 107:12,24 108:19 146:9,22
props 50:16
proscribed 26:3 57:11 59:20
prosecuting 88:8
prosecution 102:22 103:3
protect 37:24 47:12 52:20 55:22 70:9 74:18 83:22 99:5 117:15
protected 12:15 37:2 73:2,2
protecting 47:12,13 51:10 73:11
protection 17:3 21:10 39:16 74:20 99:10 116:15,25 137:14
protections 69:12 70:1
protects 82:18
protocol 91:8 152:18
prove 105:12
provide 13:14 31:15 105:3 107:23 132:12 147:14
provided 17:19 67:17 101:4 153:21 155:5,18 156:3
provides 59:11 105:14,14,15 132:19
providing 160:5
proving 81:18
provision 46:13 50:23 59:9 62:8
provisions 58:7 103:16 140:10 148:7
prts 94:22 96:15
public 65:3 67:5,22 106:6 124:14 149:19
publication 9:5 34:20 67:3 77:1 80:6 90:1 99:6 101:14 117:19 131:18 133:7 155:23 157:7 167:13
publicized 81:13
published 131:24 140:16,18
purchase 25:10 55:15 148:3
purchased 55:22
purchaser 28:9 29:22 30:8,11,25 32:7 33:6,9,14,23 35:8,11,14 36:1,2 36:23,25 37:17,24 37:25 43:6 46:1 49:1 65:6 67:22 68:18 69:19 74:18 83:17 87:6 148:8 158:10
purchasers 37:18 150:3,6,14,19 153:2
purchases 26:23
pure 109:16
purported 22:20 90:23,25
purporting 137:17
purpose 28:16 40:12 43:9,17 46:8 47:14 49:19 52:16 75:4
purposefully 54:16 116:2
purposes 8:3 89:22 92:3 96:5 99:17 163:7
pursuant 27:3 40:6 148:7
pursue 112:20 113:1 114:13 129:1 154:13
pursued 129:2
pursuing 104:10
pursuit 102:14
push 100:16
pushing 137:18
put 8:19 34:14 44:13 53:7 77:2,4 80:4 91:24 95:19 113:21 117:11 126:3 157:7 167:13 167:16
putting 53:13 76:15 126:2 130:1 131:12 137:16 152:24

q

qualify 161:1
qualitatively 88:14
quality 100:18 137:16 138:7 152:4
quantification 28:22
quantify 28:18
quantitatively 88:14
quantum 56:22

quarter 167:23
quarterly 163:8
question 20:3 21:13 30:11 51:15,16 65:21 66:1 68:2 77:25 82:13 86:10 86:12 90:13 100:4 101:2,19 102:4 109:13 111:8 117:3 120:15 152:24 155:7 159:19 160:1 161:3
questioning 122:12
questions 7:17,19 15:24 20:4 22:14 27:9 28:17 30:6 31:25 49:24 61:5 75:19 83:3 86:2,7 86:12,14 92:16 109:11 115:24 119:16 134:12 136:12 146:5 150:19 169:10
quickly 101:6
quit 68:19 134:19 145:15
quite 20:11 25:25 76:24 88:18 102:1,8
quote 63:18 91:14 92:25 141:8 151:13 159:13
quotes 88:17
quoting 58:12,15 94:7 141:15 151:8

r

r 1:21 3:1 4:14 6:1 41:2 171:1
r.l. 101:4
rafael 54:24 55:12
railroad 70:15,19
raise 90:3 100:15
raised 24:18 49:23 51:3,14 60:2,3,4,5 61:12 63:23 84:8 106:20 114:1 165:6
raising 37:16 82:22 84:5
ram 124:12
ran 157:16
rata 111:4
rationale 36:21,23 135:10
rationales 74:20
reach 21:9 72:18 93:15 98:5 161:21
reaction 111:24
read 16:22 18:2 20:19 48:17 53:16 53:23 80:6 109:7 139:15 148:5
readily 83:2 100:25
reading 7:18 121:9 161:24
ready 85:25 124:24
real 17:15 21:13 48:18 51:7 81:19 110:15
realities 163:2
reality 57:12 80:2 81:2
realize 110:4 111:4 136:18
realized 84:7
really 8:4 11:24 32:10 40:23 58:2 63:17 75:23 85:10 102:3 110:5,19 127:2 128:24 135:2 151:25 152:2 166:22 169:5,5
reap 139:1
reason 17:2 21:16 39:1 44:10 45:20 48:22 55:6 67:20 71:16 100:10 122:16 127:3 146:15,23 147:3,20 147:23 148:1
reasonable 11:9,25 82:1 106:13 119:4 153:17
reasonableness 13:2
reasonably 78:2,2,3 100:21 151:11
reasons 21:22 38:10 41:25 48:12 65:12 71:10 83:3 88:2 104:14 113:12 124:20 126:19 132:17 143:17 164:4
rebuttal 61:10 83:15 84:17 119:12
recall 8:5,25 9:4 14:5 22:17,22 23:16 51:4,22 52:6 55:16 56:21 76:3,7,20,21 76:22,23,25 77:3,4 77:19 79:10 87:2 91:11 93:5 94:10 95:13 97:10,24 111:22 141:18 146:12 147:16 148:14,20 149:10 149:22 152:14 155:22 157:18
recalled 24:8 56:19 153:9 157:5 167:11
recalls 7:24 8:1 9:12,14,15 13:23 23:15 56:22 113:16 150:24 151:2,15
receive 69:7
received 166:7
recess 84:18 85:21 145:18,20 170:8
recognition 160:15 160:20 161:18
recognitions 167:4
recognizable 104:19
recognize 17:8 26:22 54:25 55:4 161:21
recognized 33:8 63:17 166:13
recognizes 45:17
recognizing 45:12 161:10,19
recollection 84:21 160:2
reconcile 140:9,10 140:11
reconfirmed 108:10
record 10:2,5 22:6 27:11,23 65:3 67:5 67:22 70:16 90:13 90:17 91:8,20 93:3 93:8,22,23 95:11 100:9,14,22 110:23 115:21 116:1,9 119:2 128:16 136:6 136:9 143:9,11 144:10,13 155:20 167:10 171:4
records 8:10 78:4 78:17,21 79:22 92:13,15 100:23 110:11,11 155:4
recoveries 40:15
recovery 21:23
recurring 150:23
reduced 159:1
refer 148:2 160:22
reference 107:25 118:15
referred 19:2 23:1 24:1 94:22 95:3 96:18 132:25 150:17 167:1
referring 59:3 159:9
reflected 65:10
reflects 100:9
refresh 84:21
refused 119:10
refusing 19:21
reg 1:3
regard 19:23 33:15 51:11 52:2,4,5 54:17 88:3 102:11 102:18 104:7 107:8 110:13 114:1 128:23
regarding 22:21 92:13 100:16

114:14,16,22
registered 76:2
regulations 148:20
regulators 138:15
regulatory 92:12
rehash 165:8
reiner 108:15
reject 33:7
rejected 10:11,23 20:13 97:6,10
rejection 160:6
relate 73:9
related 23:11 27:5 31:22 42:14 51:25 52:15 60:16 62:6 63:11 73:9 95:17 97:21 98:5 100:2 135:3,3 140:23 148:20 152:7
relates 40:24 53:25 59:14,19 83:4
relating 23:21 24:19 31:12 52:10 52:12,13 60:23 74:22 82:23
relationship 61:23 150:8
release 44:9
released 135:25 136:11
relevance 95:20
relevant 26:11 35:3 36:18 77:20 83:11 99:21
relevation 137:24
reliability 137:22
relied 43:23 92:2 122:6,7 136:2,2
relief 17:5 30:21 48:20 112:8 120:8 159:21 160:5,13,14 161:8 162:1,6,9
relies 165:23
rely 12:10 29:7 105:8 142:20
remainder 17:20 168:10
remaining 163:6
remedial 108:18
remediate 160:16
remedied 77:5 118:21
remedies 25:4 38:4 64:9 109:8
remedy 14:9,22,25 15:18 17:15 29:18 30:12 31:16 35:3,15 35:16 38:20 42:9 64:14,22,22 69:10 70:7 83:18 86:15,20 87:16,17 88:7 90:5 90:9 102:19 105:10 105:10 111:25 112:20 127:8 129:1 129:1,2,3 142:23 143:2,16 144:6,12 159:15 162:11 163:11,12
remember 92:6 135:23 136:24
remembers 89:2
remind 107:5
render 50:5
rendered 27:7
rental 152:11,22
reorganization 40:3 40:6,13 45:5 70:15 70:19
reorganized 132:15
repair 52:8 95:1 116:4 152:7,13
repaired 23:1 123:5 151:12,25 152:11
repairs 151:20 152:6
repeat 122:20
repeating 98:7
replacement 39:18
replicated 115:16
replies 168:3,8
reply 82:15 91:1 145:1,10 147:3 168:1,2
report 33:17 93:8 94:18 95:10 96:17 96:18,20,23 97:2 122:22 124:8 128:19 143:11,12 163:8
reported 90:20 91:8 95:6
reporting 97:20 98:4
reports 95:2,4 100:17 122:21
represent 108:23 121:17 146:20 152:20 153:24 167:15
representations 57:4
representative 44:7 44:9
representing 164:11
represents 17:22 153:11
reputation 152:3
request 85:16 113:4 113:6
requests 94:25
require 8:5 14:21 93:5 107:1 116:16 118:23 129:4,4,5
required 12:19 16:25 55:22 92:15 97:10 98:14,17 100:24 112:20 129:1 132:3 138:22 158:15,18 163:15 165:22
requirements 98:4 101:24
requires 17:23 44:18 48:24 128:5
res 73:6,19
rescheduling 22:10
reservations 17:25
reserve 119:12 170:1
reserved 28:12 163:7 169:25
reserves 33:19
residual 90:10
resolution 94:23
resolve 24:20
resources 163:6
respect 20:17 22:18 43:15 65:21 88:5 106:20 118:2 121:16,22 143:3 146:19 149:11 155:22 156:11 163:12 166:10
respectfully 103:8 148:16 154:23 155:13 156:10 160:17 164:10
respects 149:12
respond 86:4
responded 14:3
response 24:16 48:18 54:12
responses 143:8
responsibilities 54:17
responsibility 52:3 91:15
responsible 13:10 13:13 34:15 99:21
rest 84:21 167:19
restructure 40:4
result 15:21 20:7 21:8 44:19 97:1 105:13 109:15 123:19 125:13 136:10
resulted 150:23
resulting 89:6
results 61:16 125:4
resumption 145:16
retain 77:22 137:23 141:12
retained 23:5,13 24:5,13 25:19 28:18 49:17,19,20 52:14 58:5,8,24 59:4 75:3

75:17 90:8 102:7 113:17 136:22 138:25 148:4,5,11 148:16,18 149:14
retaliation 100:17
retention 27:13,13
retiree 140:24
retreat 98:8
return 84:22 165:19
returns 44:25
reveal 138:14 143:4
reversal 114:2 130:21 131:5,6
reversed 131:4
review 95:9
revocation 64:10,12 64:14
revoke 31:3
reward 126:16
rewarding 126:9
richard 5:12 22:8
right 6:9,21 7:5,9,9 7:14,15 11:17,18 15:13,13,14,15,17 21:18 36:11 38:9 39:6,6 40:18,22 41:6,7,11 42:6,8,24 45:21 48:10,12 50:2 51:5,20 53:1 54:13 58:23 62:2 64:25 65:11 67:14 68:14 68:15,23 69:20,20 69:21 74:13 82:16 85:20 86:18 90:4 110:20 114:19,24 119:19 121:21 123:5 142:10,11 144:14 146:11 154:13 155:12 158:1,23 160:1 161:14 163:3,9 167:20 169:5,16
rights 38:12 39:4 40:4 41:5,15 47:11 67:2,10 70:23 71:3 71:6 72:6,9,15 76:14 80:17 84:7,9 98:20 99:3,5 102:13 117:15 131:12 140:11 148:13 159:12 165:13,16 166:5
rise 18:4 85:23 101:23 145:21
risk 96:25,25
road 9:10 10:3 171:21
robert 1:22 120:18
role 102:20 169:2
roll 118:2
rolled 105:19
room 85:17 142:1
rose 149:21
rubin 4:13 6:22,22 6:25 7:1 11:2 13:17 13:18 17:21 111:9 111:17 112:4 145:6 145:8,9,23,24 146:3 146:8 148:24 149:2 149:6 156:7,9,17,22 159:8,23,25 161:17 162:18,20 163:19 163:20 164:7,10,13 164:15 165:21 168:12 169:25
rubin's 21:17
rubin’s 120:6 168:18
rudnick 3:18 6:15
rule 19:20 21:4 24:18 30:14,20 35:23 36:16 37:3,3 48:17,19,21,23,24 64:16 66:18 67:11 93:25 101:24 127:8 128:25 129:4,4 140:2 144:7 159:4 159:10,14 160:9,9 160:11 161:9,13 162:4
ruled 122:3
rules 19:10 133:11 139:20
ruling 45:13 103:22
run 104:19
running 100:11 136:18
runs 38:19 70:22 93:16,17 100:7
rush 94:14

s

s 3:1 6:1 53:12
saddled 33:23
safe 152:23 170:11
safety 77:5 87:8,12 91:3,11 92:12,14,14 94:8,21 96:22 97:21 98:1,5,16,23 99:24 99:25 100:15,18 101:17 106:16 107:19 110:13 115:12,16,18 116:16,18 117:13 117:17 119:2,9 137:16,22 138:8,14 138:15 147:10 149:21 150:11 155:24
sailed 122:13
sake 157:25
sale 9:4,22,23 10:10 11:9 12:19 13:5,22 14:13 16:4,19,23 17:14,15,17 20:21 23:4,7 24:2,7,12,14 24:19 25:12,12,21 26:4,8,9,15,16,21 26:23 27:2,4,6,7,8 27:24 28:8,12,15,16 28:21 29:1,3 30:14 30:24 31:12,13,16 31:19,21 32:1,3,8,9 32:19,23,25 33:8,16 33:18 34:8 35:17 36:2 37:16,22,23 38:9,11,15,21,25 39:4,6,6,21,22 40:2 40:11,12,21,21 41:4 42:1,3 44:8 45:12 46:8 47:15,21 48:7 49:9,12,18,25,25 50:8,14 51:9,23 52:3,5,10 53:17,18 53:18 54:16,25 55:7 55:10,10,11,13 56:6 56:8,10,12,15 57:2 57:5 58:3,4,4,9,13 58:13,16,21 59:3,9 59:19 60:3,3,12,14 60:15,16,22,22 61:22 62:12,20 63:12,13,16 65:7,7 65:9 67:9 68:11,15 69:1,8 70:3,12 74:15,17,22 75:4,5 75:11,12,14,15,16 75:17,22,24 76:16 77:24 78:15 79:21 80:3,5,15 81:4,6,23 81:25 82:7,11,18,18 83:5,10,19,21 84:1 87:11,11 88:1 90:7 90:15,21,24 91:24 99:2,3 100:6 102:9 102:21 103:10 104:22 105:1,8 108:19,21,24 110:1 110:3,8 114:12,16 114:21 115:15 116:14,24 117:14 117:25 119:3 121:4 121:6,12 122:4 123:25 124:7,10,12 124:18,20,21,24,25 125:4,7,23 126:1,4 127:22 128:1,14,15 128:16 130:6,14,22 130:23,24 131:3,7,8 131:11,24,24 133:17,24 135:4,13 135:14,25 137:9 138:20 139:3,6,21 140:13,22 141:9,16 141:20,25 146:12 147:1,2,4,7,7,22,24 147:25 148:3,23,24 149:9,11,13 150:4,7

150:8,10,15 151:1 153:4 154:20 155:6 156:2 159:11,16,17 160:4,15 161:5,8 162:6,9 164:21 166:7
sales 12:24 17:8,9 18:11,12 38:11 45:6 45:15 49:2,6 70:9 107:23 117:5,5 143:18
san 18:21
sand 33:3 106:5,14 119:4
sander 5:5 7:6
sandy 136:17
satisfactory 132:19
satisfy 65:8 103:2
savage 108:8,15
saw 116:23 119:1
saying 9:24 14:16 15:15 16:24 19:19 36:20,21 37:9,14 38:20 45:10 47:17 66:25 67:5,9 68:22 70:2 72:3,6,10 73:15 75:25 80:15 80:22 83:16 102:17 103:21 111:25 123:14 126:1,10 128:8,22 131:14 141:4 152:2 158:25 161:25 162:22 163:25
says 27:12 29:15 39:11 41:8 44:13 56:3,17 67:3 74:19 76:5 81:6 103:17 113:24 118:22 126:20 127:23 128:1 129:19 130:21 131:6 151:10 154:18,19 160:11 162:3 170:5
scenario 21:12 103:6,7
schedule 93:15 169:9
schedules 28:23 39:8
scheme 92:12
schwinn 108:17 158:9
scope 99:18 125:9
scott 3:8 22:7
seats 6:2 85:24 145:22
second 18:13,13,15 18:17,17 30:1 34:11 40:22 41:21 42:13 46:11,12 65:24 89:25 107:13 108:9 117:21 119:20 128:4 129:2,10 153:13,19 154:11 156:19 167:5
secret 87:8
section 24:13 29:3 29:19 35:25 36:15 41:10,17 44:17 45:15 46:10 58:7,19 58:20 59:5 64:1 68:13 70:15 122:6 130:17,18,20,20,21 131:2 136:4 140:11 148:3,19 149:1
sections 39:16 64:11
see 7:9,16 15:20 47:6 56:15 64:24 124:2 127:24 139:25 144:23 149:5 150:4,12 153:5 160:14 161:17,25 168:9
seeing 14:3
seek 102:19 111:23 112:2 162:9
seeking 22:20 114:2
seemingly 9:17 11:5 14:6 19:25 71:18
selected 23:23
sell 55:20 56:8 57:3 65:3 68:10,14,23,24 69:20 72:13 79:4 110:18 122:5 125:20 133:22
seller 43:7 46:1,3,13 125:1,1,22 148:6,9 148:12 149:15
selling 31:15 38:13 38:18 39:17 56:24 77:9
sells 118:17
semblance 86:20 100:23 103:1
send 8:25 10:2,5 13:19 27:15,21 64:3 77:19 80:23
sending 11:9 27:18
senior 18:23 99:15 143:14,21
sense 8:13 57:1 60:10 85:6 91:16 93:20 128:24
sent 14:4 75:25 76:3 76:25 112:4
sentence 143:20 151:9,13 161:6
sentences 134:2 161:15
sentient 80:8
separate 23:18 24:14 48:12 120:1 126:14 157:21
separately 40:15 43:14 104:25
series 96:16
serious 88:13 91:7 94:8 105:23 110:15 138:13 150:10 155:24 157:16,17
seriously 94:14 113:2
serves 92:1 102:22
service 94:25
services 92:7
set 32:7 39:8,8 40:13 80:17,20,21
124:24 131:10 139:17 153:13 154:11
setting 28:24 80:20
settle 136:7
settlement 77:12,17 140:24
settlements 120:4
seven 3:20 56:11 87:4,10 108:1 122:19 124:15 125:23 129:25 133:20
seventh 108:2
severe 98:25
shape 35:20
share 40:5
shareholders 46:3
shares 43:5
sheet 92:18,19,23
shevin 66:10
she's 161:22
shield 102:5 121:16 122:16,17 129:16 130:4,15 131:1,20
shifting 39:20
shifts 40:21
shiny 130:24
ship 122:12
ships 53:4
shoehorn 160:18
shoehorned 165:11
short 112:24 136:18
shortly 22:19 34:9
shouldn't 64:6 124:3 149:16 154:2
show 30:17 33:16 33:18 48:24 95:21 117:20,23 118:24 144:21
showed 110:9
showing 14:21 129:5 154:12
shown 52:18
shut 94:11
side 20:9,10 35:13 112:16 113:9 144:8

sided 141:21
sides 10:1 12:1,17 14:8,20 19:13 20:9 21:12 103:14 104:3 115:7 140:4
sidestep 23:7
significant 29:4 65:15
silence 87:6
similar 63:22 64:13 64:23 74:20 138:2
similarities 10:17 61:15 74:17,19
similarly 120:11 158:9
simply 13:12 16:1 19:21 68:22 91:14 160:20
single 92:2 99:1,20
singular 65:5
siphoned 163:17
sit 6:5
site 97:22 140:20 154:7
sitting 116:7 130:25
situated 120:11
situation 15:2 29:19 31:13 32:4 34:2,25 35:4 36:11 61:13 62:4,11 67:15,17 68:20 69:25 74:13 74:13 78:14 83:8,10 100:5 105:21 117:9 129:12 131:2 150:20 151:3 155:13,14,19 157:21 160:24 163:4 164:5 167:5
situations 101:16 101:17 106:1 117:6
six 60:14 76:22
slack 61:6
slice 139:16
slightly 42:15 76:12
slip 140:15
slower 114:17
small 15:9 50:24
sold 23:11 31:14,23 49:16 52:25 54:1 56:20 60:14 114:15 114:23 115:3,14,17 117:17 148:21
solely 122:14
solutions 171:20
solved 136:4
somebody 20:5 34:13 66:14 80:19 85:16 127:15 139:19
someone's 39:17
someone’s 131:12
somewhat 28:3
sonya 2:25 171:3,8
sooner 11:3
sorry 62:9 72:12 80:15 93:7 121:8 125:22 132:22 147:10
sort 27:10 29:9 37:21 42:9 66:19 104:20 106:6 107:23 116:5 117:3 138:18 139:5 140:6 141:19 152:7 157:21 158:22
sorted 21:18
sorts 94:24
sought 22:24 139:4 143:16 144:6 165:2
sound 162:7
source 130:8
south 3:11
southern 1:2 43:25 132:7
spalding 3:3 6:8
speak 6:3 7:12 121:20
special 69:12 70:1 109:21 123:6
specific 45:7,10 59:24 64:11 69:19 75:1,3 79:12 121:1 141:23 157:12
specifically 23:4 25:15 52:12 60:23 63:4 76:13
specificity 75:12,24
speculate 106:22 124:4
speculation 16:2 105:18 109:17
speculative 124:15
spend 7:22 107:22
spit 150:23
spoke 109:5 150:2
spoken 50:1 145:3 168:1
sponsor 81:11
sponsored 25:14
sponte 160:12 162:4
square 3:20
stage 154:15
stall 100:18 101:16
stalling 125:13 133:25
stamco 46:11
stand 96:21 99:13 107:12 108:18
standard 8:17,18 153:13 166:24,25
standards 15:5 97:12 104:13,16 112:8,12
standing 128:1 161:18
stands 97:19
stare 50:4
starkly 153:6
start 9:22 33:25 51:17 85:9 88:16 89:20 120:14 127:23 128:13 144:25 146:8,21 168:11 169:8,9
started 18:3 22:19 33:21 48:16 93:4 146:9
starting 8:9 97:2 169:16
starts 69:23 148:6
state 44:18 45:1,15 47:11,12 114:13 116:11,14,22 122:22
stated 136:8 142:17
statement 8:13 28:25 78:5,12,16,19 141:10
statements 78:7,9 88:17
states 1:1 28:7 43:11 47:1,18,18,19 60:5 75:9 84:4 117:1
status 24:17
statute 66:15,17,20 66:25 67:1,1,3,8,12 80:21 96:24 166:21
statutes 137:14
statutory 41:17 45:7 64:13
stay 21:16 24:24 36:1 122:9
stayed 36:25
steering 125:14 133:25
steinberg 3:7 6:7,7 6:9 8:4,9 13:8,17,19 14:9 17:25 18:19 22:2,3,5,6 25:23 26:18 28:5 30:2 32:12,16,18 34:17 34:23 36:4,13 41:1 41:15,24 42:25 50:12 51:1,5,13 52:24 53:15,19,24 54:9 57:18 58:15,19 58:23,25 59:2,7,9 61:8,19 62:9 65:17 65:25 66:13 68:8 69:18 71:20 72:1 76:9,11 77:3 78:8 82:10,16 88:17 92:17,18 104:14 107:16,25 114:25 127:14,16,19,20,25

128:8 129:19 130:19 135:13 144:24 145:3,10,19 146:16 148:12 149:8 167:21,22,25 168:13,19,22 169:14,18,22 170:5
steps 138:14
stick 42:13 132:20
stint 18:3
stipulated 9:9 79:19 167:10
stipulation 101:3
stipulations 24:22 24:25
stockholder 70:24 71:1,5 72:8
stockholders 71:7 72:6
stood 84:12
stop 84:16 88:8 112:25 167:22
stopped 60:11
stores 92:7
straight 38:2
strands 165:24
strategic 112:15 113:11 164:4
strauss 4:17
stream 130:16
street 5:2
strict 64:13
string 97:1
strong 77:2 123:15 143:11
stronger 20:9 51:2 94:15 120:4
structure 42:10 44:5
structured 25:13 43:5
struggle 67:18
struggling 140:9
stuck 115:22
studiously 91:19
stuff 53:11 110:15 128:20 170:5
stutzman 4:25 7:7
style 120:8
sua 160:12 162:4
subclass 42:19
subgroup 123:6
subject 9:12,14,15 13:23 22:21 25:17 28:3 56:21 64:6,7 68:18 94:6 114:16 114:20 120:6 121:24 122:3,4,11 122:12 126:10 143:22 147:22 149:21 150:3,7,10 151:4,4 153:10 155:22 157:17 164:24
submit 103:9 152:7 153:8 154:23 158:14
submitted 85:2 93:11 146:14
subset 15:9 86:10 121:10
substance 52:20 123:13 128:8
substantial 113:18 137:9
substantially 24:24 25:11 26:1 81:25 111:3
substantive 66:20
substitution 166:19
subsume 23:24
subverting 45:7
successful 41:9 63:18 76:18 103:15 121:15 136:7
successive 16:9
successor 20:20 21:8 23:3,8 28:10 28:11,14 31:2 41:3 41:5,7,18 42:1,5,7 42:16 43:3,4,7,10 43:16 44:1,5,16 45:4,13,16,23 46:7 46:16,20,23 47:17 47:22,25 50:24 51:2 52:16 55:2,4,9,24 55:25 56:14 57:8,10 57:23 58:3 75:18 81:20,21 82:2 84:6 84:13 87:18 88:3,10 102:5,12 104:7,13 104:16,17 105:7 120:12 122:15,17 124:13 125:17,18 125:21 126:11 129:16,17,21 130:2 130:3,7,9,15 131:1 131:11,20 133:23 135:22
suckers 42:21
sudden 33:23
suddenly 150:9
sue 21:1,2 41:20 42:11,20 51:7
sued 77:6 78:22
sues 70:6
suffer 34:7
suffered 138:23 152:4 153:5 157:10
suffering 29:12
sufficient 90:2 98:18 99:7 129:6 131:21 134:5 155:3 167:11,13
suggest 10:22 15:24 86:19 102:20 140:13 147:4 148:1 148:12 149:16 167:3
suggested 111:23 112:5
suggesting 104:8 113:2 149:15 151:5
suggestion 165:9,10 168:10
suicide 89:4,8
suing 70:11
suite 5:2 171:22
summarily 24:23
summary 18:14 19:3 71:15,15
summer 23:14
superior 138:12
supp 97:22 98:3
supplemental 163:23
supply 11:12
support 40:15 90:14
supported 102:1 107:24
suppose 53:3,5,6
supposed 11:15 19:25 71:23 94:24 107:20 109:15,16
suppressed 138:6
supreme 13:3 36:8 66:14 117:22
sure 6:10 11:12 22:11 48:3 110:19 110:23 119:21 120:14 125:8 128:13 134:11 136:20 141:22 151:10 156:17,22 161:14 163:20 167:25 168:6
surgery 50:16
surround 108:21
surveys 95:1
survival 10:15
survive 10:9 13:1,7 16:4 55:8 106:6 139:25
survived 46:19,21
survives 12:8 46:13 46:14
surviving 12:5,13
suspect 119:4 127:21
sustained 163:16
swerved 94:12
swirling 22:13
switch 23:1,16 24:8 53:7,9,10 55:17 79:10,20 85:6 86:25 87:7 89:6 90:21 91:2,10,23 94:6,8,9

94:15 97:8 98:22 100:16 101:11,18 104:24 106:16 110:14 113:21 114:8 115:10,18 122:18,24 123:1,4 123:11,11,20,23,25 124:13 125:11,12 126:13 129:25 133:20,24 134:6 137:6 138:9,21 143:6 151:6 152:14 157:16
switched 116:3
switches 8:21 9:25 22:18 28:3 61:1 115:22 116:2
symptoms 131:24 132:2
system 94:23
systematic 138:8

t

t 171:1,1
table 113:9 144:8
tack 146:15
tackle 63:11 78:24
tactical 21:22
take 8:13,24 10:5 12:23 13:4 17:17 33:3,14 37:1 54:16 57:11 60:21 61:19 68:18,25 78:6 84:18 91:15 93:9 96:2 106:22 114:5 116:5 118:10 137:21 141:15 144:3 145:25 154:2 156:14 168:5
taken 34:18 112:15 119:17
takes 36:2 37:13 46:24 141:9,25 166:23
talk 17:7 18:19,25 20:2 25:24 26:24,24 29:9 32:18 34:9 35:1 38:6 48:15 61:12 64:12 74:25 80:10 81:3 103:4 105:17 117:21,24 129:8 134:16 137:5 137:8 156:15 157:2 159:5 162:11
talked 19:7 35:5 46:12 50:19 57:15 57:18 72:13 109:23 143:19 146:4
talking 7:23 12:2 16:10 26:15,20 32:11 35:22 41:4 58:1 59:12 65:16 68:4 71:14 78:18,18 78:19 92:6,17,18,21 94:5 118:16 119:24 130:9,11 132:6 134:15 136:24 140:25 141:3 143:20 148:10 152:2 154:15 156:23 157:13 163:25
talks 27:23 50:3 58:4 74:16 138:4 156:15
tap 164:4
target 41:21,23
targeted 132:3
tarnished 56:23 137:25
tarnishing 56:25
task 32:13,20 139:18
taxing 145:14
taxpayer 106:10
taxpayers 106:10
teaches 107:14
television 80:7
tell 8:16 9:13 16:15 17:1 33:13 53:2 64:21 86:22 95:9,24 96:13,15 107:21 111:17 112:13 116:8 123:22,24 170:12,12
telling 19:25 74:3 80:19 93:4 98:22 101:15 112:9 115:21
tells 18:18 71:23 93:11 94:19 97:8 102:16 105:10 106:22 116:9 128:19
tend 54:7
tendency 45:1
tentatives 98:8
term 50:19,20
terminated 93:18
terms 19:9,14 40:2 50:15 85:6 88:14 90:7 91:6 96:5,10 127:7 128:14,23,25 148:7 149:13,24 158:17
terrible 91:17
terribly 96:16
test 30:15,16 35:23 35:24,25 36:16,22 45:23,24 78:1 79:6 95:2,4 96:9 153:16 154:2,3
testified 32:23
texas 3:11 5:3
textual 36:10
thank 6:13,17 7:14 22:8 84:17 85:22 86:1 136:16 142:9 142:10 144:14,15 167:20 169:18,19
thanks 145:19
that's 114:24 115:5 117:7 118:1 120:19 121:2 124:3,8,15 127:17 131:21 132:8 134:1,8,9 135:12 136:19 137:1 138:17 139:18 147:4 148:23 151:25 152:15 156:9 157:12 159:2 160:15,21 161:21 162:16 163:1 166:1 166:22 167:8 169:8
theatrics 89:19
theme 40:1 86:8
theories 104:18 129:21
theory 57:1 104:11 105:4 160:6
thereabouts 28:4
thereto 13:25
there's 118:11,12 121:3 125:11 126:15,15 133:24 136:6 138:3,17 139:8 141:10 147:20 151:16 160:5,11
thesis 104:21
they'd 121:12,13
they're 119:24 121:4 126:14 141:9 152:2
they've 117:15
thing 24:18 27:11 37:4,14,18 39:3 42:7 44:4 48:15 50:22 55:4 67:21 71:5 72:12 81:17 85:14 105:16 110:6 128:14 136:21 149:23,23 153:16 160:8 162:3 163:14
things 11:20 16:13 16:17 20:2 23:8 27:24 31:21 35:21 43:17 44:6 51:24 52:13 59:24 60:6 79:24 82:24 86:17 91:17 94:2 115:23 119:18,24 131:8,16 152:9 161:25
think 8:10 10:21 11:8,18,19,24 14:12 17:8 19:2 20:3,11 22:15 26:10,12,17 28:14,17 29:4 30:5

33:20 34:10,19,20 34:24,25 35:2 36:13 36:14 38:4,8 39:5 40:8 41:7,24 42:25 43:1,2,12,22 44:10 45:16,17,20 47:5 48:16,22 49:3,21 51:13,18,23 53:3,19 53:24 54:3,6,12,23 55:8 61:3,4,17,20 62:9 63:22 64:22 65:11,15,21,25 66:1 67:13,17 68:1,2,4 69:15,23 71:19,20 71:22,24,24 72:1,2 72:17,22,23 74:24 76:1,9,11,12,12,19 76:19 77:1,21 78:9 78:24 79:24 82:18 83:3 84:24 85:1,1,5 85:13,15,19 86:6,10 86:21 87:2 90:16 93:1,4,15 94:7,14 96:16 100:8,13 102:24 104:17 106:25 107:21,25 108:3 109:11,18 110:2 114:15,24 115:2,9 116:4,10,23 117:2,8 118:22 119:6 120:6,15,15 120:22 121:2,15 122:11,16,25 124:15 126:2,22 127:6 131:2,21 132:24 133:4,5 134:7,8,9,10,14,21 136:13 137:2,3,4 139:23,23,25 143:1 143:3,8,14,25 144:1 148:2 151:17 155:9 155:18 157:3,22 162:1 163:1,13 165:22 166:3 168:1 168:7,13,14,15 169:7

thinking 19:19 43:13 94:9 127:15
third 19:15 26:11 29:21,21 36:17 37:6 37:6,7 40:24,25 41:1 44:10 55:23 90:2 116:4 158:13
thought 20:14 34:19 49:5,12 82:14 113:9,10 114:25 120:5 132:17 140:13 142:13 161:15
thoughts 22:13
thousand 82:2
thousands 15:8 17:21
three 18:10 25:3,20 27:6 30:16 85:2,18 134:25 135:6 150:24 151:15 160:3 163:5 166:7 167:23
threshold 24:23,25 25:3,5,6 26:11,25 48:9,9 54:19 104:16 153:18
throw 131:3 141:19
thrown 134:13
tied 37:21 76:20
ties 31:9
tillman 107:11
time 7:1 9:3 10:3,5 10:10,12 11:21,23 12:24 15:20 25:13 31:5 32:10,19 34:4 34:11 42:4 61:7,10 74:7,15 77:16 83:12 84:16,17,20 91:24 93:14 99:8 107:22 110:9,9 111:2,8 112:24 113:4,15,16 113:17 118:10 119:3,12 124:2 130:4 133:10 136:18 142:9 144:18 145:13,25 150:9 152:10,22 154:17 156:1,13 157:9 159:6 163:18 164:2,25 169:11
timeframe 85:8 95:6 100:12
timeliness 30:17,17
timely 29:8 40:19 138:21
times 3:12,20 30:9 32:3 50:2 74:2 108:1
timetable 124:25
timing 82:22 83:6 124:20
title 68:15 130:23 131:9
today 16:9 22:12 91:9 94:2 114:5 116:7 145:15 146:1 146:4 155:8 167:23 168:4 169:13
today's 99:13
token 9:7
told 48:11 75:14,15 83:9 89:11 99:1 101:7 107:9,11,18 110:14 112:24 146:25
tomorrow 145:17 168:3,11 169:8,9,12 169:17 170:5,6
topic 168:10
torque 122:24
tort 79:7,7 82:1 83:1,7 107:15
totality 112:23
totally 16:2 17:16 29:19
touted 137:16
toxic 83:1,7
track 95:7
tracking 94:23
trade 137:13
traditional 19:14
traffic 94:14
transaction 29:20 31:1 35:9 36:24 42:10 43:5,9 44:6 46:22 50:17,19 56:1 130:5 141:17
transactions 135:2
transcribed 2:25
transcript 6:5 171:4
transfer 68:16 130:23 131:9 135:5
transferrable 158:20
transferred 49:13
transportation 138:24
travails 80:9
travelers 19:1 73:1
tread 92:13 94:22 96:14 100:10 116:17
treasury 32:21 105:20 106:1,2,4,9 109:21 119:5 125:4 131:10
treated 106:8,8 150:20
tree 130:24,25
tremendous 100:3
trenton 18:22 68:7
trial 27:6
trials 93:13
tried 23:7 33:16 44:13,22 83:4 100:15
tries 56:16 132:10 158:24
tro 113:4,6,9,10
trooper 122:22
trouble 14:3
troubled 65:13,13 86:18
troubling 43:1
true 19:19 45:16 46:25 47:6 84:10 146:17 147:4 156:9 158:21 159:2 160:21 166:1 171:4

trump 45:1,15 131:12
trumped 19:6
trumps 44:18
trust 4:8,9,18,18 6:23 7:1 11:1 39:24 46:14,19,20 56:2 103:17 109:1 111:2 112:1,21,22 113:13 113:19,19,25 144:25 145:3,5 149:17 163:2,4,7,8 165:2,8,11
try 22:13 24:20 30:4,22 33:17 44:22 51:15 57:11 65:4 79:5 104:2,5 119:17 122:9 124:12 139:20 150:21 164:4
trying 31:17 36:14 36:15,20 44:25 45:12 47:12 49:4,18 49:22 55:8 61:3 64:14 72:20 79:4 83:20 88:20 92:4 96:2 98:11 115:23 127:19 164:5
tune 89:15
turn 8:8 14:11,24 93:6 94:17 122:6 128:11
turned 82:9
turns 8:14
twa 122:7 136:3
two 7:13 9:7 18:11 18:12 20:9 23:23 35:6 46:21 60:11,14 93:16 94:1 97:16,17 101:19 102:19 112:14 134:21 141:17 143:4 144:22 150:24 151:14 153:16 160:2 161:15,19 162:1 165:24 166:6
type 32:22 33:23 37:19 44:5 62:17 66:3 67:20,21 74:8 74:11 75:25 98:18 105:7 108:15 155:18 159:3
typical 15:6
typo 68:3

u

u.s. 1:13,23 10:15 10:16 25:13 32:21 97:3,18 98:2
uaw 140:24
ultimate 64:21
ultimately 82:9 86:16 102:12 104:11 105:5 109:8 116:6
unable 160:1
unasserted 79:7,18
unaware 80:8 81:6 122:18
unclean 125:19
underlie 157:15
underlies 25:9 30:6
underlying 7:23 18:2 23:10 26:16 39:11 51:16 130:12
undermining 37:8
underscore 98:11 147:11 155:11
underscores 162:2
understand 19:22 34:12,17 43:1 52:17 53:5 104:6 109:24 119:23 137:1 140:5 144:4 147:17 167:2
understanding 56:15 75:24 167:18
understands 167:8
understood 58:11 156:4
undertake 97:23
undertaken 149:7
undisclosed 101:22 106:17 107:19 122:1 128:23
undisputed 45:25 164:23
undue 30:18,19,19 31:5,6 36:17 37:6,7 48:25
unexpected 125:12 133:25
unfair 14:18 134:10 147:8,18
unfortunately 134:8
unidentified 91:13
unique 66:9 159:1
unit 4:18 146:14 168:22
united 1:1 28:6 158:2
universe 11:9 15:9 148:18
unjust 138:18
unjustly 138:25
unknowable 124:9 124:10
unknown 8:11,14 12:4 62:19,23,24 69:24 89:24 90:1,15 91:18 96:1,4 99:9 102:5
unreasonable 96:25
unrelated 23:15 55:23 73:19
unremedial 117:19
unsafe 137:23
unsecured 11:7 111:5
unsuccessful 88:9
unusual 64:10
upcoming 111:11
upheld 55:5,9
upper 20:18
upset 49:11 55:2 131:6 151:24
upsetting 30:14
urgency 14:7 91:16 93:20
urgings 24:21
use 44:21 70:8 78:2 81:12 110:1 140:8
uses 63:18

v

v 19:1 39:10 46:11 66:10 73:22 97:3,15 97:18 98:2 108:18
vacate 14:13,14 30:22 31:3
vacating 37:3
valid 105:6
validating 19:17,20
validity 130:22 131:7
value 11:22 22:25 28:9 29:22 30:9,11 31:1 32:6 35:8 36:1 40:5,6,14 49:1 55:15,22 56:11 75:22 111:2 139:7 157:11
valued 138:13
valukas 93:8 94:18 94:18 96:17,19 97:2 97:16
variety 86:7
various 116:20 117:1
vehicle 24:8 52:7,8 52:12,14,25 53:8,14 53:16,25 54:3 55:15 59:19,22 75:10 101:5 123:1,21,21 124:14 138:7 140:22 160:16 162:8
vehicles 22:18,21 22:25 23:11 52:1,2 52:4,5,10 54:17 56:18,24 59:11,15 82:20,23 95:3 116:9 123:2 125:12 137:20,24 138:10 139:7,10,18 148:22 149:11 151:3,4,16 152:4,8 153:10 155:22,25 157:5,17

164:24 167:12
vein 85:7
vendors 11:12
verge 117:7
veritext 171:20
versus 59:4 62:24 102:7 136:23
vetted 27:8
victim 91:9
victims 11:13 89:8 121:4
view 8:19 12:3 34:13 36:9 64:13 65:14 92:1 105:2 106:23 112:16 126:18
violated 24:12 96:3 106:23 159:12 165:14
violating 66:17
violation 14:20,24 15:3 21:5 34:10 35:4 38:5,7 63:25 71:12 86:9,11,13,16 86:20 88:23 90:5 98:12 101:13 102:25 105:9,16 106:17 116:21,22 117:19 118:23 126:22,23,25 134:9 136:10 137:13 138:4 146:18,18 147:9,10,12,18 153:5 160:17 163:16 165:22 166:8
violations 14:9 116:25
virodyne 92:9
virtue 30:14 103:10 151:6 154:14
vis 48:4,4 51:19,19 69:13,14 82:3,3,19 82:19
visions 153:6
visited 98:25
void 159:16,18
voiding 160:4
volume 6:10
voluntarily 54:15 60:21 112:25
voluntary 24:6
vs 121:9

w

wages 152:11 157:12
wait 111:17 159:6
wall 144:23
want 6:5 7:15 8:7 15:10 17:14,22 19:13 20:2 22:8 25:24 26:10,15 38:6 44:12 45:11 48:19 48:20 50:13 61:12 61:14 71:17 77:20 83:12 86:5,18 89:18 89:19 91:5,24 92:20 93:6 94:2 111:23 119:11 133:22,23 133:23 134:16,18 134:20 146:3,8 147:5,11 168:2 169:20
wanted 16:23 26:19 33:12 51:7 54:11 126:5 142:18,22 146:15 149:5 168:5
wants 8:4 42:15,16 62:24 109:19 125:3 148:12
warn 57:19,20,22 151:23
warrant 157:17
warranted 146:12 149:22
warranties 55:23 151:23
warranty 25:21 51:20 52:2 54:2 55:13 60:17 77:8,14 77:22 81:18 83:22 141:18 150:25
wasn't 96:3 126:7 127:5 129:13 132:6 154:14 155:16 156:8,10 164:21 165:8
watch 80:7 144:22
waterman 107:10 131:22,22 166:13
wave 22:19
way 11:15 54:13 63:6,10 65:7 76:21 84:11 95:5,25 109:3 115:9 118:7 119:17 126:24 133:19 140:19 141:3 149:1 160:10 161:11
ways 20:1 161:20
we've 25:3 83:16 90:11 110:17,18
weaker 20:10 36:5
weaved 137:7
website 91:9
week 163:9
weeks 13:1,6 60:15
weigh 127:6,7 143:15
weighing 145:6
weighs 126:21
weintraub 3:16 6:18,19,21 7:22 85:5 103:4 119:14 119:15,21,22 120:14,22 121:2,8 121:14,21 123:16 127:12,14,17 128:13 129:9,14 132:6,8,14,21,23 133:1,4,13,16 134:4 134:4,12,18,25 135:20 136:16 146:20 153:11,24 155:9 167:15
weintraub's 20:18 76:4 103:18,20
weintraub's 140:8 155:11 164:2
weisfelner 3:23 6:14,15,17 7:21 9:7 9:18 10:7 11:16 14:8,11,23 15:12 16:15 17:7 19:18 21:15 26:12 36:6 52:18 82:15 84:19 84:22,24 85:1,15,22 85:25 86:1 89:10,20 95:16,22 97:25 98:10 102:18 103:13 104:1,5 111:16,19 113:5 114:19,22 115:2,8 115:25 116:13 118:12,16 119:18 122:20 123:3 124:2 126:20 127:10 135:21 146:20,25 150:1 152:20 153:23 155:20 162:19,20 163:22 164:17,18 166:13 167:15 168:15 169:22,24 170:10 170:13
weisfelner's 76:5
weisfelner's 119:16 127:21 128:7 147:17 154:25 157:8 164:3
weissbrodt 18:20 65:16 159:20
went 22:14 33:17 63:25 64:1 79:10 86:12 91:16 112:18 153:12
weren't 151:24
westlaw 154:7
we'll 151:4 170:6,8
we're 123:6 124:24 133:7 134:15 136:22,24 140:25 145:15,17,17,18 148:10 150:11 151:2 157:13 163:10 169:9

we've 122:10 133:19,20 143:12
whatsoever 107:15
what's 166:22
whistleblower 124:7
white 45:2
wholly 8:22 20:20 53:6
widely 81:13,13,14
widespread 27:5 152:3
william 3:16 6:19
williams 4:15
willing 157:4 167:9
wilmington 4:8 39:24
win 15:14,16 16:1 37:19 76:24 82:2 129:18
window 112:24 121:20
winning 17:11
wins 35:14 127:20
wiped 46:3 65:6
wipes 46:8
wisconsin 122:22
withdraw 142:6
withheld 124:14 125:22
witnesses 166:7
wl 68:4 154:7 160:23
wolff 40:8,9
won 118:24 126:25
wonder 8:17 36:5 132:16
wondering 168:2
won't 118:19 122:19 135:21
word 100:18 142:6 154:2
wording 149:9
words 23:2 37:15 44:13,21 52:19 63:2 65:14
work 22:1 144:19
worked 156:6
working 48:21 133:20
world 16:8 18:7 36:10
worried 65:13
worse 17:12 92:24 113:11
worst 62:23
worth 92:24 140:13
worthless 17:4
worthy 99:10
would've 75:21 83:24 106:11
wouldn't 124:23 165:14
wrath 91:6
wrecks 9:2 11:13 17:6 51:7 103:19
wrestle 141:11
wrestling 141:11
write 100:17
writes 154:10
written 50:1 83:24 109:23
wrong 9:1 11:21 50:3 53:10 56:4 65:20,22 67:8 68:3 71:25 89:16 91:16 166:20
wrongful 51:10 52:21
wrote 94:7

x

x 1:4,10

y

yard 132:20
yardstick 132:12
yeah 17:17 26:7 32:17 52:17 89:7 97:25 115:8 127:12 132:5,24 140:2,17 140:25 141:2 145:5 165:20 168:17
year 22:17 55:15 56:11 87:10 105:21 106:16 119:2 122:19 153:12 163:24
years 46:21 55:14 60:12 79:11,14 82:2 87:4,9,10,11 88:24 88:25 104:21 106:3 107:4 114:7 115:11 124:15 125:23 126:8 130:1 133:21 162:25,25 163:5
yelling 144:16
york 1:2,15,15 3:5,5 3:12,14,14,21,21 4:3,3,11,11,20,20 43:25 132:7
you'll 139:24
you're 119:24 120:6 120:10,12 121:16 123:13 126:19,21 128:9 129:7,14 132:5 141:4,11 143:20 145:1,13 154:19,20 163:25 163:25 164:5 168:25 169:2,22
you've 123:3 126:11 128:11 136:12 155:9 157:10 170:13

z

zito 94:4

à

à 48:4 51:19 69:14 82:3,19

Exhibit 3

This is a preliminary transcript of a Committee hearing. It has not yet been subject to a review process to ensure that the statements within are appropriately attributed to the witness or member of Congress who made them, to determine whether there are any inconsistencies between the statement within and what was actually said at the proceeding, or to make any other corrections to ensure the accuracy of the record.

RPTS KERR

DCMN SECKMAN

THE GM IGNITION SWITCH RECALL:

WHY DID IT TAKE SO LONG?

TUESDAY, APRIL 1, 2014

House of Representatives,

Subcommittee on Oversight

and Investigations,

Committee on Energy and Commerce,

Washington, D.C.

The subcommittee met, pursuant to call, at 2:00 p.m., in Room 2123, Rayburn House Office Building, Hon. Tim Murphy [chairman of the subcommittee] presiding.

Present: Representatives Murphy, Burgess, Blackburn, Gingrey, Scalise, Harper, Olson, Griffith, Long, Barton, Upton (ex officio), DeGette, Braley, Schakowsky, Castor, Welch, Tonko, Yarmuth, Green, Dingell (ex officio-nonvoting), and Waxman (ex officio).

Staff Present: Carl Anderson, Counsel, Oversight; Gary Andres, Staff Director, Charlotte Baker, Deputy Communications Director; Mike Bloomquist, General Counsel; Sean Bonyun, Communications Director; Matt Bravo, Professional Staff Member; Leighton Brown, Press Assistant; Karen Christian, Chief Counsel, Oversight; Brad Grantz, Policy Coordinator, O&I; Brittany Havens, Legislative Clerk; Sean Hayes, Deputy Chief Counsel, O&I; Kirby Howard, Legislative Clerk; Peter Kielty, Deputy General Counsel; Alexa Marrero, Deputy Staff Director; Brian McCullough, Senior Professional Staff Member, CMT; Brandon Mooney, Professional Staff Member; Paul Nagle, Chief Counsel, CMT; John Ohly, Professional Staff, O&I; Krista Rosenthall, Counsel to Chairman Emeritus; Peter Spencer, Professional Staff Member, Oversight; Shannon Weinberg Taylor, Counsel, CMT; Tom Wilbur, Digital Media Advisor; Jessica Wilkerson, Legislative Clerk; Michele Ash, Minority Chief Counsel, CMT; Phil Barnett, Minority Staff Director; Brian Cohen, Minority Staff Director, O&I, and Senior Policy Advisor; Elizabeth Ertel, Minority Deputy Clerk; Kiren Gopal, Minority Counsel; Hannah Green, Minority Staff Assistant; Elizabeth Letter, Minority Press Secretary; Karen Lightfoot, Minority Communications Director and Senior Policy Advisor; and Stephen Salsbury, Minority Investigator.

Mr. Murphy. I now convene this hearing of the Oversight and Investigation Subcommittee, entitled the "GM Ignition Switch Recall: Why Did It Take So Long?"

Ms. Barra, if you would like to take a seat, please. Thank you.

This question is the focus of our investigation. As soon as the Chevy Cobalt rolled off the production line in 2004, customers began filing complaints about the ignition switch. These customers told General Motors that just by bumping the key with their knee while driving the Cobalt, it would shut off. In 2004 and 2005, GM engineers twice considered the problem and even developed potential solutions to fix it, but GM decided the, quote, "tooling cost and piece prices are too high," unquote, and that, quote, "none of the solutions represent an acceptable business case," end quote.

The solution GM ultimately settled for was to tell their dealers to ask Cobalt drivers to remove heavy objects from their key chains, and yet just a year later, GM decided to fix the ignition switch. In 2005, GM told their supplier, Delphi, to increase the torque in the ignition switch so the key wouldn't move out of the run position and into accessory mode.

GM was not alone in examining problems with the Cobalt. The lead government safety regulator, the National Highway Traffic Safety Administration, known as NHTSA, was also evaluating concerns with the Cobalt. But NHTSA didn't look at the ignition

switch problem, just air bag nondeployment. In 2007, 3 years after the Cobalt's release, the chief of NHTSA's Defects Assessment Division proposed that the agency investigate the Cobalt because he spotted a, quote, "pattern of nondeployments," unquote, in Cobalt air bags that didn't exist with similar sedans.

An internal NHTSA presentation noted a spike in warranty claims for Cobalt air bags, a total of 29 crashes causing 25 injuries, 4 deaths, and 14 field reports. Yet NHTSA ultimately decided not to investigate. Even when the issue was again raised 3 years later in 2010, NHTSA again passed on investigating.

GM was also looking into the air bag nondeployments. As early as 2007, GM started tracking incidents where Cobalt air bags did not deploy in car crashes.

In 2011 and 2012, GM assigned at least two groups of engineers to examine the problem. According to GM's public statements, it wasn't until December 2013 the company finally put the pieces together and linked the problems with the air bags with the faulty ignition switch, almost 10 years after customers first told GM the Cobalt ignition switch didn't work.

We know this. The red flags were there for GM and NHTSA to take action, but for some reason, it did not happen. Why didn't GM and NHTSA put the pieces together for 10 years? Why didn't anyone ask the critical important questions? Why did GM accept parts below their own company standards and specs? When GM decided to get a new ignition switch for the Cobalt in 2006, did

GM do so because they recognized that the faulty switch posed a safety problem? Why did GM keep the old part number which led to confusion? When GM replaced the ignition switch, did engineers also consider how the faulty ignition impacted other systems in the car like air bags? Why did GM the replace the ignition switch in new cars but not the older models? Why did GM think a memo about the size of key chains was enough to solve the problems? Why did NHTSA twice decide not to investigate the Cobalt? And why didn't NHTSA make the link between the keys being in the accessory position and air bags not deploying? Did anyone ask why?

And for both GM and NHTSA, are people talking to one another? Do GM and NHTSA have a culture where people don't pass information up and down the chain of command? To borrow a phrase, what we have here is a failure to communicate, and the results were deadly, a failure to communicate both between and within GM and NHTSA. Today we will ask GM and NHTSA what they are doing to not just fix the car but to fix the culture within a business and a government regulator that led to these problems. This is about restoring public trust and giving the families and crash victims the truth about whether this tragedy could have been prevented and if future ones will be prevented. It is my hope and expectation that today we will not hear a blame game or finger pointing. All the brilliant engineers and workers in the world won't matter if the people don't really care, and as the old saying goes, people don't care that you know until they know that you care.

This investigation is only 3 weeks old, and we are determined to find the facts and identify the problem so a tragedy like this won't ever happen again. This investigation is bipartisan, is a priority of all the members of this committee. I want to thank Mary Barra for being here and also the head of NHTSA, David Friedman, ranking members Waxman, DeGette, and Dingell for working with us, and I now yield the remaining amount of my time to Dr. Michael Burgess.

[The prepared statement of Mr. Murphy follows:]

******** COMMITTEE INSERT ********

Dr. <u>Burgess.</u> I thank the chairman for yielding.

I thank our witnesses for being here. I thank our witnesses for being so responsive to the committee staff request. We are here to examine a very important matter. The hearing is appropriately named. We do have questions for General Motors.

We have questions for the National Highway Traffic Safety Administration. Two chances to open up formal investigations into the recalled General Motors cars: Both in 2007 and 2010, NHTSA initially examined problems with the vehicles and both times -- both times -- decided that no investigation was needed.

We need to hear from NHTSA today how you intend to improve the process going forward, and we were just here 5 years ago with the Toyota investigation. We heard a lot of things out of NHTSA on those hearings. I would like to know how they have improved the process and how we can expect to have confidence in their ability going forward.

I yield back.

[The prepared statement of Dr. Burgess follows:]

******** COMMITTEE INSERT ********

Mr. Murphy. Now recognize the ranking member of the committee, Ms. DeGette, of Colorado.

Ms. DeGette. Thank you very much, Mr. Chairman.

Like all of us, I am deeply troubled about what our investigation has revealed about GM's business practices and its commitment to safety.

Here is what we know. We know that GM has recalled over 2.5 million vehicles because of defective ignition switches. We know they should have done it much, much earlier. We know that GM failed to provide Federal regulators with key information, and sadly, we know that at least 13 people are dead. And there have been dozens of crashes because GM produced cars that had a deadly effect.

Mr. Chairman, I have a copy of the ignition switch assembly for one of these vehicles, and this is it. A spring inside the switch, a piece that cost pennies, failed to provide enough force causing the switch to turn off when the car went over a bump.

GM knew about this problem in 2001. They were warned again and again over the next decade, but they did nothing. And I just want to show how easy it is to turn this key in this switch. If you had a heavy key chain, like my long key chain, or if you had -- if you were short and you bumped up against the ignition with your knee, it could cause this key to switch right off.

Mr. Chairman, we now know that these switches were defective from the start. In February of 2002, GM's ignition switch

supplier, Delphi, informed the company that the switch did not meet GM's minimum specifications, but GM approved it anyway.

Now, yesterday, we sent Ms. Barra a letter about this decision. I would like unanimous consent to make that letter a part of the hearing record.

Mr. Murphy. Without objection.

[The information follows:]

******** COMMITTEE INSERT ********

Ms. <u>DeGette.</u> Soon after this approval, the defective cars were on the road, and it didn't take long for problems to appear. In 2003, June 2003, the owner of a Saturn Ion with 3,474 miles on the odometer made a warranty report that he or she, quote, "bumped the key and the car shut off." GM would receive more than 130 similar warranty claims from owners about this problem over the next decade, but it never informed the public or reported the problem to Federal safety regulators.

The minority staff conducted this warranty analysis, and again, we prepared a memo about these claims. I would also ask unanimous consent to put that in the record, Mr. Chairman.

Mr. <u>Murphy.</u> Without objection.

[The information follows:]

******** COMMITTEE INSERT ********

Ms. DeGette. Initially, GM opened multiple investigations into the ignition switch issue, each which concluded the switch was bad; it didn't meet the minimums. In 2005, GM identified solutions to the problem but concluded that, quote, "the tooling cost and piece price are too high... thus none of the solutions represents an acceptable business case."

Documents provided by GM show that this unacceptable cost increase was only 57 cents.

And Mr. Chairman, we have this document that we got from GM. Somehow it is not in the binder. I would ask unanimous consent to put this in the record as well.

Mr. Murphy. Without objection, so ordered.

[The information follows:]

******** COMMITTEE INSERT ********

Ms. DeGette. Another technical investigation completed in 2005 led GM to issue a technical service bulletin advising dealers to distribute key inserts to help reduce the problem. This was a simple fix to reduce the force on the switch.

And Mr. Chairman, these are the keys of one of my staff members who actually owns one of these cars, and as you can see, there is a long, long insert. What the key inserts were supposed to do is go in the middle and just create a little hole so the key and the keys wouldn't go back and forth. Unfortunately, GM never made this bulletin public. More than 500 people out of the thousands of drivers who had cars with faulty switches got the key insert, and GM knew it.

Soon after this decision, company officials quietly redesigned the switch, but they never changed the part number, and astonishingly, this committee has learned that when GM approved a new switch in 2006, they did it with still not -- still knowing that the new switch didn't meet specifications. The company even put more cars with bad switches on the road from 2008 until 2011, and we still don't know all the information about this.

Between 2003 and 2014, GM learned hundreds of reports of ignition switch problems through customer complaints, warranty claims, lawsuits, press coverage, field reports and even more internal investigations, but time and time again, GM did nothing. The company continued to sell cars, knowing they were unsafe.

I know we have a lot of family members here, Mr. Chairman,

and I know -- and I want to express my deepest sympathies to them, but I want to tell them something more. We are going to get to the bottom of this. We are going to figure out what happened, and we are going to make sure it doesn't happen again.

Now, Mr. Chairman, I want to thank Ms. Barra for coming. She is brand new at the company. I believe she is committed to fixing this situation. We have a lot of questions to ask today, though, and I know every member of this committee is concerned about this. Thank you very much.

Mr. Murphy. And the gentlelady's time expired.

[The prepared statement of Ms. DeGette follows:]

******** COMMITTEE INSERT ********

Mr. Murphy. Now recognize the chairman of the full committee, Mr. Upton, for 5 minutes.

The Chairman. Well, thank you, Mr. Chairman.

We know that with a 2-ton piece of high velocity machinery, there is in fact a zero margin for error. Product safety is indeed a life or death issue, but sadly, vehicle safety has fallen short, and it is not the first time.

During the late summer of 2000, in this very room, I led the oversight hearings that examined the Ford-Firestone recalls, a tire malfunction was causing violent crashes, and Americans did not feel safe behind the wheel. We gathered testimony from the company and agency officials and reviewed thousands and thousands of pages of documents, and we found that the system indeed had failed. Information about the defective tires had been shared with the companies and with NHTSA, the parties failed to protect the public safety, and over 100 people died.

After that investigation, I introduced the TREAD Act to correct many of the problems that contributed to the Ford-Firestone tragedy. That bill was meant to ensure data about safety is reported so that defects can be quickly identified and fixed and lives ultimately saved. The TREAD Act has now been law since November of 2000, but yet here we are investigating another safety failure. It is deja vu all over again.

One month ago, GM issued a recall for an ignition switch defect in six vehicles, totalling 1.6 million cars. And last

Friday, they called another 900,000 vehicles. GM acknowledges that a dozen people have died in automobile crashes associated with that defect. Two were teenagers from my own community.

Testifying today are GM CEO Mary Barra and NHTSA Acting Administrator David Friedman, a first step in our quest to find out what went wrong.

The committee's purpose is the same as it was in 2000, making sure that drivers and families are protected and cars are safe. And I will repeat what I said at the first oversight hearings on Firestone tires in 2000. Today's hearing is very personal to me because I come from Michigan, the auto State, the auto capital of the world. That is no less true today. Michigan is proud of its auto industry, and while Michigan citizens build cars, obviously, we drive them, too.

Documents produced to the committee show that both NHTSA and GM received complaints about and data about problems with ignition switches and air bags. These complaints go back at least a decade. NHTSA engineers did crash investigations as early as 2005 and twice examined whether complaints with air bags constituted a trend. GM submitted early warning reports to NHTSA, including data about crashes in the recalled cars. With all that information available, why did it take so long to issue the recall?

In this case, just as it was with Ford-Firestone, it was news reports that brought the attention to the Nation's

attention -- brought the problem to the Nation's attention. This investigation of the recall is indeed bipartisan, as it should be. We will follow the facts wherever they lead us, and we are going to work until we have the answers and can assure the public that indeed they are safe. I would like to note that the chairman of our CMT Subcommittee, Mr. Terry, will be joining us for questions this afternoon. With his subcommittee's record on motor vehicle safety issues, he will be watching closely as this investigation unfolds so that he can take our findings and determine whether and what changes may be needed to the laws designed to keep drivers safe on the road. After all, our goal on every issue follows the Dingell model: Identify the problem or abuse fully, and where needed, fix it with legislation so that it won't happen again.

I yield to the vice chair of the committee, Mrs. Blackburn.

[The prepared statement of The Chairman follows:]

******** COMMITTEE INSERT ********

Mrs. Blackburn. Thank you, Mr. Chairman.

And Ms. Barra, thank you very much for being here today. We really owe this hearing to the American people, to GM customers, and to the relatives of the 12 individuals that have lost their lives. And it is important that we get to the bottom of this and to see what the roles of GM and NHTSA were in this, figure out who is at fault, and we want to know who knew what when.

And Ms. Barra, that includes you. We are going to want to know what your exposure was to this issue as you took the helm at GM as the CEO.

You know, in my district, we have the GM plant. The Saturn Ion has been recalled. That was made at that plant there in Spring Hill, so this is something that is important to my constituents. Those that have worked with GM, I thank you for being here, and we look forward to the answers.

I yield back.

Mr. Murphy. Thank you. The gentlelady yields back.

[The prepared statement of Mrs. Blackburn follows:]

******** COMMITTEE INSERT ********

Mr. Murphy. I now recognize the ranking member of the full committee, Mr. Waxman, for 5 minutes.

Mr. Waxman. Thank you very much, Mr. Chairman. I have a sad sense of deja vu as I sit here today. I was part of this committee when we held our Ford-Firestone hearing in 2000. I led the committee's hearing on Toyota's problems with unintended acceleration in 2010. Each time, we heard about how auto manufacturers knew about potential defects and about how Federal safety officials at the National Highway Traffic Safety Administration missed signals that should have alerted them to defective cars on the road, and here we are today under similar circumstances.

Over the last month, the full dimensions of another auto safety disaster have unfolded. General Motors has recalled 2.5 million vehicles due to a defective ignition switch, and the company has acknowledged that these cars have caused dozens of crashes and 13 fatalities.

Mr. Chairman, I know the families of some of these victims are in the audience for today's hearing. I want to acknowledge them, thank them for coming. We owe it to them to find out what happened.

The facts that we already know are hard to believe. GM has known for years about this safety defect and has failed to take appropriate action to fix the problem. The company installed an ignition switch it knew did not meet its own specifications.

Numerous internal investigations resulted in nothing but a nonpublic technical service bulletin that partially fixed the problem for fewer than 500 drivers.

A new analysis I released this morning revealed that over the last decade, GM received over 130 warranty claims from drivers and GM technicians who experienced and identified the defect. Drivers reported that their car shut off after hitting bumps or potholes at highway speeds when they did something as simple as brushing the ignition switch with their knee. One GM technician even identified the exact part causing the problem, a spring that would have caused at most as much as a few postage stamps, a couple of dollars.

Because GM didn't implement this simple fix when it learned about the problem, at least a dozen people have died in defective GM vehicles. What is more, new information the committee received last week suggests that GM still has failed to fully own up to potential problems. GM finally modified the ignition switch for later model cars, but Delphi, the manufacturer of the ignition switch, told the committee that the switches installed in model year 2008 to 2011 vehicles still did not meet GM's own specifications. GM finally announced a recall of these vehicles last Friday but told the public that it was because of bad parts installed during repairs, not because of defective parts originally installed in the vehicles.

There are legitimate questions we need to ask about whether

NHTSA did enough to identify and uncover this problem. In retrospect, it is clear that the agency missed some red flags, but NHTSA was also laboring under a handicap. There appears to have been a lot of information that GM knew but they didn't share with the National Highway Traffic Safety Administration. We need to make sure that NHTSA and the public have access to the same information about safety as auto executives.

That is why today I am introducing the Motor Vehicle Safety Act of 2014. This bill is modeled on the legislation that the committee passed in 2010 but was never enacted into law. It will make more information on defects available to the public, and it will increase NHTSA's funding and increase civil penalties for manufacturers when companies like GM fail to comply with the law.

Mr. Chairman, we should learn as much as we can from this investigation. Then we should improve the law to make sure we are not here again after another auto safety tragedy in the near future. I want to yield back my time. Thank you.

Mr. Murphy. The gentleman yields back.

[The prepared statement of Mr. Waxman follows:]

******** COMMITTEE INSERT ********

Mr. Murphy. I would now like to introduce the witness on the first panel for today's hearing. Ms. Mary Barra is the chief executive officer of General Motors Company and has been in this role since January 15th, 2014, when she also became a member of its board of directors.

She has held a number of positions in this company. From 2008 to 2009, Ms. Barra served as vice president of global manufacturing engineering, and from 2005 to 2008, she was executive director of vehicle manufacturing engineering. She has also served as a plant manager and director of competitive operations engineering as well as numerous other positions.

I will now swear in the witness.

Ms. Barra, you are aware that the committee is holding an investigative hearing and, when doing so, has a practice of taking testimony under oath. Do you have any objections to testifying under oath?

Ms. Barra. No.

Mr. Murphy. The chair then advises you that under the Rules of the House and under the rules of the committee, you are entitled to be advised by counsel. Do you desire to be advised by counsel during today's hearing?

Ms. Barra. No.

Mr. Murphy. In that case, if you would please rise and raise your right hand, I will swear you in.

[Witness sworn.]

Mr. Murphy. Thank you. Ms. Barra, you are now under oath and subject to the penalties set forth in Title 18, Section 1001 of the United States Code. You may now give a 5-minute summary of your written statement.

STATEMENT OF MARY T. BARRA, CHIEF EXECUTIVE OFFICER, THE GENERAL MOTORS COMPANY

Ms. Barra. Thank you, Mr. Chairman and committee members.

Mr. Murphy. Please pull your microphone close to your mouth and make sure it is on. Thank you.

Ms. Barra. Can you hear me? Okay.

Thank you, Mr. Chairman and committee members. My name is Mary Barra, and I am the chief executive officer of General Motors. I appreciate the opportunity to be here today. More than a decade ago, GM embarked on a small-car program. Sitting here today, I cannot tell you why it took so long for a safety defect to be announced for this program, but I can tell you we will find out.

This is an extraordinary situation. It involves vehicles we no longer make, but it came to light on my watch, so I am responsible for resolving it.

When we have answers, we will be fully transparent with you, with our regulators, and with our customers.

While I cannot turn back the clock, as soon as I learned about the problem, we acted without hesitation. We told the world we had a problem that needed to be fixed. We did so because whatever mistakes were made in the past, we will not shirk from our responsibilities now or in the future.

Today's GM will do the right thing. That begins with my

sincere apologies to everyone who has been affected by this recall, especially the families and friends who lost their lives or were injured. I am deeply sorry.

I have asked former U.S. Attorney Anton Valukas to conduct a thorough and unimpeded investigation of the actions of General Motors. I have received updates from him, and he tells me he is well along with his work. He has free rein to go where the facts take him, regardless of outcome. The facts will be the facts. Once they are in, my leadership team and I will do what is needed to help assure this does not happen again. We will hold ourselves fully accountable.

However, I want to stress I am not waiting for his results to make changes. I have named a new vice president of global vehicle safety, a first for General Motors. Jeff Boyer's top priority is to quickly identify and resolve any and all product safety issues. He is not taking on this task alone. I stand with him, and my senior leadership team stands with him as well, and we will welcome input from outside of GM, from you, from NHTSA, from our customers, our dealers, and current and former employees.

The latest round of recalls demonstrates just how serious we are about the way we want to do things at today's GM. We've identified these issues, and we brought them forward and we're fixing them. I have asked our team to keep stressing the system at GM and work with one thing in mind, the customer and their safety are at the center of everything we do. Our customers who have been

affected by this recall are getting our full and undivided attention. We are talking directly to them through a dedicated Web site with constantly updated information and through social media platforms. We have trained and assigned more people, over 100, to our customer call centers, and wait times are down to seconds. And of course, we are sending customers written information through the mail.

We have empowered our dealers to take extraordinary measures to treat each case specifically. If people do not want to drive a recalled vehicle before it is repaired, dealers can provide them with a loaner or a rental car free of charge. Today, we provided nearly 13,000 loaner vehicles. If a customer is already looking for another car, dealers are allowed to provide additional cash allowances for the purchase of a lease or new vehicle.

Our supplier is manufacturing new replacement parts for the vehicles that are no longer in production. We have commissioned two lines and have asked for a third production line. And those parts will start being delivered to dealers next week. These measures are only the first in making things right and rebuilding trust with our customers. And as I have reminded our employees, getting the cars repaired is only the first step. Giving customers the best support possible throughout this process is how we will be judged.

I would like this committee to know that all of our GM employees and I are determined to set a new standard. I am

encouraged to say that everyone at GM, up to and including our board of directors, supports this. I am a second generation GM employee, and I am here as our CEO. But I am also here representing the men and women who are part of today's GM and are dedicated to putting the highest quality, safest vehicles on the road.

I recently held a town hall meeting to formally introduce our new VP of safety. We met at our technical center in Michigan. This is one of the places where the men and women who engineer our vehicles work. They are the brains behind our cars, but they are also the heart of General Motors. It was a tough meeting. Like me, they are disappointed and upset. I could see it in their faces. I could hear it in their voices. They had many of the same questions that I suspect are on your mind. They want to make things better for our customers and, in that process, make GM better. They particularly wanted to know what we plan to do for those who have suffered the most from this tragedy.

That is why I am pleased to announce that we have retained Kenneth Feinberg as a consultant to help us evaluate the situation and recommend the best path forward. I am sure this committee knows Mr. Feinberg is highly qualified and is very experienced in handling matters such as this. Having led the compensation efforts involved with 9/11, the BP oil spill, and the Boston marathon bombing, Mr. Feinberg brings expertise and objectivity to this effort.

As I have said, I consider this to be an extraordinary event, and we are responding to it in an extraordinary way. As I see it, GM has civil responsibilities and legal responsibilities. We are thinking through exactly what those responsibilities are and how to balance them in an appropriate manner. Bringing in Mr. Feinberg is the first step.

I would now be happy to answer your questions. Thank you.

Mr. Murphy. Thank you, Ms. Barra.

[The prepared statement of Ms. Barra follows:]

******** INSERT 1-1 ********

Mr. Murphy. I also want to acknowledge all the families that are here today and know that we are aware and have sympathies of all the committee here. One Kelly Erin Ruddy of Scranton, Pennsylvania, is one of those who we offer sympathy to the family, but we have all of your in our hearts.

Ms. Barra, our committee reviewed more than 200,000 pages of documents. What we found is that as soon as the Cobalt hit the road in 2004, drivers began to immediately complain to General Motors that the car's ignition systems didn't work properly. You can imagine how frightening it is to drive a car that suddenly you lose your power steering and power brakes. When the switch for the Cobalt was being built back in 2002, GM knew the switch did not meet its specification for torque. Am I correct?

Ms. Barra. Yes.

Mr. Murphy. GM engineers began to look at the problem and try to figure out how to address it. GM understood the torque and the switch as measured below its own specifications. Is that right?

Ms. Barra. Yes.

Mr. Murphy. Is it common practice for GM to accept a part that does not meet GM specifications?

Ms. Barra. No, but there is a difference between a part meeting or not meting specifications and a part being defective.

Mr. Murphy. So under what scenario is accepting parts that don't meet GM specs allowable?

Ms. Barra. An example would that be when you are purchasing steel. You will set a specification for steel, but then because of the different suppliers and availability of steel to make products, you will assess the performance, the functionality, the durability, you know, the aspects of the part, or in this case, steel, that is necessary to live up to what the performance and the durability the safety needs to be.

Mr. Murphy. Well, let's --

Ms. Barra. So that is an example of when you would have a part or have material that doesn't meet the spec that was set out but is acceptable from a safety, from a functionality perspective, performance as well.

Mr. Murphy. Is that switch acceptable?

Ms. Barra. The switch -- I am sorry, the switch.

Mr. Murphy. Is the switch acceptable?

Ms. Barra. At what timeframe, I am sorry?

Mr. Murphy. Well, at the beginning. It didn't meet the specs for GM, so is that what you would consider acceptable?

Ms. Barra. As we -- as we clearly know today, it is not.

Mr. Murphy. So, in 2006, GM changed its ignition switch, and GM's switch supplier Delphi put in a new spring to increase the torque. Am I correct?

Ms. Barra. I didn't hear the last part. I am sorry.

Mr. Murphy. GM switch supplier Delphi put a new spring in to increase the torque. Is that correct?

Ms. Barra. There was a new part.

Mr. Murphy. Thank you. Now, in that binder next to you, if you would turn to tab 25. This is an email exchange between Delphi employees in 2005 discussing the changes to the ignition switch. The email notes that a GM engineer is asking for information about the ignition switch because, quote, "Cobalt is blowing up in their face in regards to turning the car off with the driver's knee," unquote.

If this was such a big problem, why didn't GM replace the ignition switch in the cars already on the road, the cars where the torque fell well below GM's specifications, instead of just the new cars, why?

Ms. Barra. What you just said does not match under tab 25.

Mr. Murphy. It is the bottom of the page; there should be something there. Well, just note that what I have said -- I apologize for that.

Ms. Barra. Okay.

Mr. Murphy. But there was a statement made, that Cobalt is blowing up in their face just by a bump of the driver's knee.

Ms. Barra. Clearly, there were a lot of things that happened. There has been a lot of statements made as it relates. That is why we have answered Anton Valukas to do a complete investigation of this process. We are spanning over a decade of time.

Mr. Murphy. But you don't know why they didn't just replace

the switch on the old cars as well as the new cars?

Ms. Barra. I do not know the answer to that, and that is why we are doing this investigation.

Mr. Murphy. Well, given the number of complaints about ignitions turning off while driving, why wasn't this identified as a safety issue?

Ms. Barra. Again, I can't answer specific questions at that point in time. That is why we are doing a full and complete investigation.

Mr. Murphy. Well, then, another one, in the chronology GM submitted to NHTSA, GM states it didn't make the connection between the ignition switch problems and the air bag nondeployment problems until late 2013. So my question is, when GM decided to switch the ignition in 2006, did the company ever examine how a faulty ignition switch could affect other vehicle systems like the air bags?

Ms. Barra. Again, that is part of the investigation.

Mr. Murphy. Should they?

Ms. Barra. Should we understand?

Mr. Murphy. Should they look at how it affects other vehicle systems?

Ms. Barra. Yes.

Mr. Murphy. Let me ask another question then. So when GM concluded, and you heard from my opening statement, that the tooling cost and price pieces are too high, what does that mean?

Ms. Barra. I find that statement to be very disturbing. As we do this investigation and understand it in the context of the whole timeline, if that was the reason the decision was made, that is unacceptable. That is not the way we do business in today's GM.

Mr. Murphy. Well, how does GM balance cost and safety?

Ms. Barra. We don't. Today, if there is a safety issue, we take action. If we know there is a defect in our vehicles, we do not look at the cost associated with it. We look at the speed in which we can fix the issue.

Mr. Murphy. Was there a culture in GM at that time that they would have put cost over safety?

Ms. Barra. Again, we are doing a complete investigation, but I would say, in general, we have moved from a cost culture after the bankruptcy to a customer culture. We have trained thousands of people on putting the customer first. We have actually gone with outside training. It is a part of our core values, and it is one of the most important cultural changes we are driving in General Motors today.

Mr. Murphy. I understand today. We are asking about then.

I am out of time.

Ms. DeGette, you are recognized for 5 minutes.

Ms. DeGette. Thank you very much, Mr. Chairman.

Ms. Barra, GM knew about the defect in the ignition switches as far back as 2001, 13 years before the recall. Correct? Yes or

no will work.

Ms. Barra. The investigation will tell us that.

Ms. DeGette. You don't know when GM knew about the defect?

Ms. Barra. I will -- I would like --

Ms. DeGette. Take a look at tab 7 in your notebook, Ms. Barra. This is a GM document, and what this GM document talks about is this switch. It says, Tear down evaluation on the switch revealed two causes of failure, low contact force and low detent plunger force.

Do you recognize that document, ma'am?

Ms. Barra. This is the first I have seen this document.

Ms. DeGette. Okay. Well, so you don't know how long GM knew about this, right?

Ms. Barra. And that is why -- and that is why I am doing an investigation.

Ms. DeGette. Okay. In fact, Delphi, the manufacturer of the ignition switch, informed GM in 2002 that the switch was supposed to be 15 minimum torque specification, but in fact, these switches were between 4 and 10, didn't it?

Ms. Barra. The specification is correct that it was supposed to be 20, plus or minus 5.

Ms. DeGette. And these switches were between 4 and 10, correct? Yes or no will work.

Ms. Barra. We know that now.

Ms. DeGette. And -- and GM was notified by Delphi of this

correct, yes or no?

Ms. Barra. I am not aware of being notified.

Ms. DeGette. Okay. Then --

Ms. Barra. Can I also correct I was not aware that --

Ms. DeGette. I need a yes or no. I only have 5 minutes. I am sorry.

So, as far back as 2004, 10 years ago, GM conducted a problem resolution tracking system inquiry after it learned of an incident where the key moved out of the run condition in a 2005 Chevrolet Cobalt. Is this correct?

Ms. Barra. Again, you are relating specific incidents that happened --

Ms. DeGette. You don't know?

Ms. Barra. -- in our entire investigation.

Ms. DeGette. You don't know about that? Take a look at tab 8, please. And by the way, ma'am, I am getting this information from the chronology that GM provided to NHTSA.

Ms. Barra. Right. And they are --

Ms. DeGette. So, let me ask you again, as far back as 2004, GM conducted a problem resolution tracking system inquiry after it learned of an incident where the key moved out of the run condition. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. Thank you.

Now, after the PRTS inquiry, one engineer advised against

further action because there was, quote, "no acceptable business case to provide a resolution and the PRTS was closed." Is that correct?

Ms. Barra. If that is true, that is a very disturbing fact.

Ms. DeGette. Yes, it is.

Ms. Barra. That is not the way we make decisions.

Ms. DeGette. Okay. Again in 2005, GM received more reports of engines stopping when the keys were jerked out of the run condition. Further investigations were conducted, and engineers proposed changes to the keys. Is that correct?

Ms. Barra. It is part of our investigation to get that complete timeline.

Ms. DeGette. Much of this I am taking from the timeline GM has already done.

Ms. Barra. Which was a summary.

Ms. DeGette. Okay. So, as a result of the investigation, a technical service bulletin was issued to dealers that if car owners complained, they should be warned of this risk and advised to take unessential items from the key chain, but this recommendation was not made to the public. No public statements were issued. No recall sent. Is that correct?

Ms. Barra. To my understanding, yes.

Ms. DeGette. Thank you.

In 2006, GM contracted with Delphi to redesign the ignition switch to use a new detent plunger and spring that would increase

torque force in the switch. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And for some reason, though, the new switch was not given a part number and instead shared a number with the original defective switch. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. Now, this new switch also did not meet GM's minimum torque specifications either. This one, Delphi said, was in the range of 10 to 15, and it really should have been 15 at a minimum. Is that correct?

Ms. Barra. I have not seen the test results from that.

Ms. DeGette. You don't know that. Okay.

Now, despite these facts, GM continued to manufacture its car with these same ignition switches for the model years 2008 to 2011. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And between 2004 and 2014, no public notices were issued as a result of GM's knowledge of these facts and no recalls were issued for the over 2.5 million vehicles manufactured with these defective ignition switches. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And finally, three recalls were made this year, 2014, two in February, and one just last Friday. Is that right?

Ms. Barra. Related to this ignition switch?

Ms. DeGette. Now, I have -- I have just a couple of more

questions.

The first question I have, Ms. Barra, GM is intending to replace all the switches for those cars beginning on April 7th. Is that right?

Ms. Barra. We will begin shipping material or new parts this week.

Ms. DeGette. Now, are you going to put a completely redesigned switch, or are you going to put the old switches from 2006 into those cars?

Ms. Barra. It is going to be a switch that meets the --

Ms. DeGette. Is it going to be a newly designed switch or is it going to be the old switch from 2006?

Ms. Barra. It is the old design that meets the performance that is required to act -- to operate safely.

Ms. DeGette. Okay. I have more questions, Mr. Chairman. Perhaps we can do another round. Thank you.

Mr. Murphy. But an important part, a follow up of several members being concerned about this, too. You are saying that there is an ongoing investigation; you cannot comment on these yet. Are you getting updates on a regular basis as this is going on?

Ms. Barra. From Mr. Valukas?

Mr. Murphy. From anybody in the company regarding these proceedings, are you getting updates?

Ms. Barra. Yes, I am.

Mr. Murphy. Thank you.

Now go to the chairman of the full committee, Mr. Upton for 5 minutes.

The Chairman. Thanks, again, Ms. Barra, for being here this afternoon. I want to make sure that we ask similar questions of both you and of NHTSA. We want to learn about the documents that were submitted on a timely and appropriate basis to NHTSA, and in fact, what did they do with that information.

The documents that we have looked at as produced show that GM received complaints about its Cobalt ignition switches for about 2 years that ultimately resulted in a redesigned ignition switch in 2006. Who within GM would have known about those specific complaints? What was the process back then?

Ms. Barra. I was not a part of that organization at the time. That is why I am doing the investigation to understand that.

The Chairman. So you don't know the folks that it would have been reported to at this point. Is that right?

Ms. Barra. I don't know the people who would have been handling this issue at that point.

The Chairman. But you are getting updates, and what is -- what is supposed to happen? Looking back, what should have happened when these reports came in?

Ms. Barra. In general, when you have an issue, a product issue, a safety issue, a field incident, any type of issue that

comes in, you have a team of engineers that are the most knowledgeable that work on that. If they see there is an issue, they elevate it to a cross-functional team that looks at it, and then it goes to a group for decision.

The Chairman. Now, we know that the ignition switch was in fact redesigned because it didn't meet the specs that were there. Is that right?

Ms. Barra. Yes.

The Chairman. Now, I would guess engineering 101 would normally require that when you assign a new part or replace a new part or replace a part with a new part, that that newly redesigned part, in fact, should have a different number on it. Is that right?

Ms. Barra. That is correct.

The Chairman. So, and that didn't happen, right, did not happen?

Ms. Barra. That is correct.

The Chairman. Who within GM made the decision to move forward with that redesigned switch without a new part number? Do you know who that is?

Ms. Barra. I do not know the name of the individual.

The Chairman. Are you going to be able to find that out for us?

Ms. Barra. Yes, I will.

The Chairman. And will you give that name to our committee?

Ms. Barra. And provide that.

The Chairman. Who -- is it -- would it -- is it likely that that same person was the one that decided not to recall the defective version? Where in the timeline is that?

Ms. Barra. I don't know, but that is part of the investigation that we are doing.

The Chairman. Do you know when it was that it was discovered, what year, you know, where in the timeline that it was discovered that in fact a new part number was not assigned?

Ms. Barra. I became aware of that after we did the recall and the timeline was put together.

The Chairman. So that was just in the last month or so. Is that right?

Ms. Barra. That is when I became aware.

The Chairman. But when -- when did GM realize that no new part number had been assigned?

Ms. Barra. Again, that is part of our investigation. I am -- I want to know that just as much as you because that is an unacceptable practice. It is not the way we do business.

The Chairman. So, you stated publicly that something went wrong with our process. How is the process supposed to work? How is this -- how are you redesigning the process to ensure that in fact it should work the way that it needs to work?

Ms. Barra. Well, one of things we are doing is the investigation by Mr. Valukas. I have some early findings from Mr.

Valukas. As we look across the company, it appears at this time there was information in one part of the company, and another part of the company didn't have access to that. At times, they didn't share information just by course of process or they didn't recognize that the information would be valuable to another area of the company. We have fixed that. We have announced a new position. Jeff Boyer who is the vice president of Global Vehicle Safety, all of this we will report to him. He will have additional staff and will have the ability to cut across the organization and will also have the right functional leadership that understands what is going on in the different areas, so that is a fix we have already made, and he is operating that way today.

The Chairman. So, when GM received complaints about the ignition switches for a number of years and ended up resulting in the redesigned ignition switch in 2006, when was it that anyone linked up the ignition switch problems to look at the Cobalt's air bags not deploying? Was that at about the same time? Was that later? What is the timeline on that?

Ms. Barra. That is something I very much want to understand and know, but I again, this is -- we are doing an investigation that spans over a decade, and it is very important, because designing a vehicle is a very complex process, that we get a detailed understanding of exactly what happened because that is the only way we can know that we can fix processes and make sure it never happens again.

The Chairman. When was it that GM informed NHTSA that in fact a redesigned -- did in fact GM inform NHTSA that the ignition switch had been redesigned?

Ms. Barra. I don't know that.

The Chairman. I yield back.

Mr. Murphy. The gentleman yields back.

I now recognize the ranking member of the full committee, Mr. Waxman, for 5 minutes.

Mr. Waxman. Thank you, Mr. Chairman.

Ms. Barra, we heard about how in 2002, GM approved the use of faulty ignition switches in Cobalts, Ions and other cars. That is what caused many of the problems that led to the recall of the cars from model years 2003 to 2007. So new ignition switches were designed and approved by General Motors. These were switches that were used -- were in use in the model years 2008 to 2010. Does that all sound right to you? Am I correct in what I am saying?

Ms. Barra. There is a couple of statements you made at the beginning that I don't know to be true.

Mr. Waxman. Well, in 2002, GM approved the use of what turned out to be faulty ignition switches in several of these cars.

Ms. Barra. They were actually in -- they were parts that went into a 2003 was the earliest model.

Mr. Waxman. Well, the tests were done in 2002, but the cars were 2003 to 2007, so we had a recall of those cars.

Ms. Barra. Right.

Mr. Waxman. And then there was a new switch, new ignition switch designed and approved by GM, and these new switches were in use in the model years 2008 to 2010 Cobalts and Ions. Is that --

Ms. Barra. To the best of my knowledge, that's correct.

Mr. Waxman. Okay. But in a briefing last week, Delphi told committee staff that these new switches also did not meet GM specifications. They told us the force required to turn these switches was about two-thirds of what GM said it should be, and documents that were provided to the committee also confirmed that top GM officials were aware of the out-of-spec switches in 2008 to 2002 vehicles in December 2013.

So, there's a document, if you want to look it up, it's tab 39, page 6 of your binder. There was a December presentation for GM's high level executive field action decision committee, and that meeting -- at that meeting they show that the performance measurement for almost half of the 2008, so you go to 2008-2010 model year vehicles, ignition switches were below the minimum GM required specifications. My question to you is, are you concerned that many 2008 to 2010 model year cars have switches that do not meet the company specifications?

Ms. Barra. As we assess the situation, my understanding that there was work going on to look at the switches again, looking at just because a switch, or a part, any generic part doesn't meet specifications does not necessarily mean it is a defective part.

As that analysis was going on, at the same time we were doing the look across to make sure we could get all of the spare parts, and when we recognized that spare parts might be -- have been sold through third parties that have no tracking to know which vend, we made the decision to recall all of those vehicles.

Mr. Waxman. Well, your own executives were informed that a lot of these cars, that those model years had switches that were just as defective as the 2003 to 2007 cars, that -- those cars were recalled, but you didn't recall the model year 2008 to 2011 vehicles until a month later on March 28th. Why did the company delay in recalling these newer vehicles?

Ms. Barra. The company was looking -- my understanding is the company was assessing those switches, but again, at the same time, in parallel, they were looking at the spare parts issue, and the spare parts issue became very clear we needed to go and get all of those vehicles because we couldn't identify which vehicles may have had a spare part put in them, and we then recalled the entire population.

Mr. Waxman. But you recalled those vehicles. You recalled them later.

Ms. Barra. Yes, we did.

Mr. Waxman. But not when you knew there was a problem.

Ms. Barra. Well, we recall them --

Mr. Waxman. Your recall of these later vehicles did not mention the faulty switches that were originally installed in the

cars. They mention only, quote, faulty switches may have been used to repair the vehicles.

Why did the company not announce that subpar switches may have been installed in those vehicles in the first place?

Ms. Barra. Again, there was an assessment going on to understand if the specification -- the parts performance was adequate.

Mr. Waxman. Well, wasn't it misleading to say that that company didn't tell them sub par switches may have been installed in the first place? What if I owned a later model car with its original ignition switch, your recall implies that I don't have to do anything, but my car might still, still have a sub par switch. Will your company conduct a detailed analysis of these late model vehicles to determine if they are safe and will you provide the committee with warranty reports and other information so we can do our own analysis?

Ms. Barra. I believe we're recalling all of those parts. All of those vehicles are being recalled.

Mr. Waxman. They are all being recalled.

Well, I must say, in conclusion, Mr. Chairman, I am concerned. I know you have taken this job in an auspicious time; you are trying to clean up a mess that was left behind for you by your predecessors, but I have one last question. How can GM assure its customers that new switches being installed beginning April 7 will finally meet GM's requirements?

Mr. Murphy. Thank you.

Ms. Barra. We have done -- we are working very closely with our supplier. Our executive director responsible for switches is personally looking at the performance of the new switches. We will do 100 percent end-of-line testing to make sure that the performance, the safety, the functionality of these switches are safe.

Mr. Murphy. Thank you. Gentleman's time expired.

Ms. Barra, you are being asked a number of questions. I just want to be clear. Did you review the documents that GM submitted to the committee?

Ms. Barra. No, I did not. There was over 200,000 pages, my understanding.

Mr. Murphy. How about the document Mr. Waxman was talking about? Did you review that?

Ms. Barra. This page right here?

Mr. Murphy. Yes.

Ms. Barra. I actually saw this for the first time I think a day ago.

Mr. Murphy. Thank you.

I now recognize Mrs. Blackburn for 5 minutes.

Mrs. Blackburn. Thank you, Mr. Chairman.

Ms. Barra, you mentioned several times in your comments "today's GM," so my assumption is that you are going to run GM in a different manner than it has been run in the past.

Ms. Barra. That is correct.

Mrs. Blackburn. And that you are making some changes.

I want to ask you just a little bit about timeline, helping us to get our hands around this because this is the first investigation we are going to do. We are going to have others and continue to look at this to get answers and figure out what has happened here between you all and NHTSA and also within what happened at GM.

So you mentioned in your testimony that this came to light on your watch, so I am assuming that there was no widespread knowledge in GM about this issue until you became CEO. Am I correct on that?

Ms. Barra. At the senior level of the company, we learned of this after the recall decision was made on January 31st. I was aware in late December there was analysis going on on the Cobalt issue, but I had no more information than that. But I can assure you, as soon as we understood, the senior leadership understood this issue and that a recall decision had been made, we acted without hesitation.

RPTS BAKER

DCMN WILTSIE

[2:58 p.m.]

Ms. Blackburn. Okay. Then, how did you find out about it? Was it through someone bringing the issue to you to say, "Ms. Barra, we have a real problem here" or, in doing your due diligence, did you find out about it?

Ms. Barra. The leadership committee responsible for making recall decisions made a decision on January 31. They notified Mark Royse, who immediately picked up the phone and called me.

Ms. Blackburn. Okay. And could you submit to us the members of that leadership committee that makes those recommendations.

Ms. Barra. Yes.

Ms. Blackburn. Thank you.

And then was your predecessor -- Mr. Akerson, your predecessor, was he aware of this issue?

Ms. Barra. Not to my knowledge.

Ms. Blackburn. He was not.

Are any of the members of the leadership committee also -- were they a part of his leadership committee?

Ms. Barra. There are members of today's team that were also members of Mr. Akerson's leadership team. And, to my knowledge, they were not aware.

Ms. Blackburn. Do you think there was a coverup or it was

sloppy work?

Ms. Barra. That is the question I have asked Mr. Valukus to uncover, and I am anxiously awaiting the results from his study.

Ms. Blackburn. Okay. Do you think it had anything to do with the auto bailout?

Ms. Barra. I am sorry?

Ms. Blackburn. With the auto bailout. Do you think it had any --

Ms. Barra. Again, I need to get the results of the study to make all determinations.

Ms. Blackburn. And going back to what Mr. Upton said, you are going to be sharing that information with us?

Ms. Barra. Yes. We will be transparent.

Ms. Blackburn. Okay. The engineers that were responsible for this, have you brought them into the process? I know this is something that the part was actually created by Delphi. Correct?

Ms. Barra. Correct.

Ms. Blackburn. And they have an engineering team that was working on that; so, they have a shared responsibility and liability in this entire issue.

Have you met with them and with the engineering team that was responsible for this switch?

Ms. Barra. I have not met with the specific engineering team that is responsible, but I am speaking to leadership. And those individuals are being interviewed as part of the investigation

conducted by Mr. Valukus.

Ms. Blackburn. Okay. Now, going back, did you say that this was a defective part when you talked about it earlier?

Ms. Barra. We have learned when we knew -- when the recall decision was made and we later went back and looked at the chronology, there is points that suggest, and that is why we are doing the investigation.

Ms. Blackburn. Okay. All right. Now, I think that you are going to hear from more than one of us about not having a new part number assigned.

Who made that decision? Was that strictly a Delphi decision or did that come into the GM supply chain for that decision to be made as to how that part number would be coded?

Ms. Barra. At a general level, General Motors is responsible for General Motors' parts numbers. But, again, that is part of the investigation, to understand how that happened.

Ms. Blackburn. Okay. Does that seem inconceivable to you?

Ms. Barra. Yes. It is inconceivable. It is not our process, and it is not acceptable.

Ms. Blackburn. Okay. I would think that it probably is not.

Have you asked Delphi if you can have access to their documentation and their email chain dealing with this issue?

Ms. Barra. I have not. And, again, Mr. Valukus will go -- as the investigation takes him to get the information he needs to make a complete and accurate accounting of what happened.

Ms. Blackburn. My time has expired.

Thank you, Mr. Chairman. I yield back.

Mr. Murphy. Just for clarification, Ms. Blackburn, we have asked for that email chain from Delphi and we will let you know when we get that.

Now recognize Chairman Emeritus of the committee, Mr. Dingell, for 5 minutes.

Mr. Dingell. Mr. Chairman, I thank you for your courtesy.

I begin by telling the families of those who were injured or killed by the defective General Motors' vehicles they have our sympathy, and we believe the events here are tragic, indeed. And I join everyone in expressing my condolences to the families who were killed or injured in those crashes.

Now it is incumbent upon the Congress, Federal regulators, and General Motors to determine how these deaths could have happened and to take reasonable steps to ensure that the safety of American motorists and their families are moving forward. I expect that this investigation will be thorough. And I counsel all the stakeholders to be unabashedly forthright.

Now, Ms. Barra, I would like to build on Chairman Murphy's line of questioning. And all of my questions will require "yes" or "no" answers. If you cannot answer some of my questions, I expect that you will submit responses for the record and all available relevant supporting materials.

Now, Ms. Barra, is it correct that GM has now recalled

approximately 2.5 million small cars in the United States due to defective ignition switches? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Now, Ms. Barra, is it correct that GM recently expanded its recall of small cars because it was possible that defective ignition switches may have been installed as replacement parts? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that the ignition switch in question was originally developed in the late 1990s and approved by General Motors in February of 2002? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that General Motors' own design specifications for such ignition switch required 20 plus or minus 5 newton centimeters of torque to move the switch from the accessory position to the run position? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that General Motors approved production of such ignition switch despite test results by Delphi during the production part approval process, or PPAP, showing that the switch did not meet GM's torque requirement? Yes or no?

Ms. Barra. It is not clear to me.

Mr. Dingell. Now, Ms. Barra, is it correct that General Motors approved a redesign of the ignition switch used in the

presently recalled vehicles in April of 2006?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that GM's torque requirement for the redesigned switch remained the same as for the original ignition switch? Yes or no?

Ms. Barra. It is not clear to me. And that is why we are focusing the investigation on that area specifically.

Mr. Dingell. When that information becomes available, would you submit it to the committee, please?

Ms. Barra. Yes, I will.

Mr. Dingell. Ms. Barra, to your knowledge, did the redesigned ignition switch meet GM's torque requirements? Yes or no?

Ms. Barra. I --

Mr. Dingell. Want me to say it again?

To your knowledge, did the redesigned ignition switch meet GM's torque requirement? Yes or no?

Ms. Barra. It is part of the investigation.

Mr. Dingell. Ms. Barra, will you please submit for the record an explanation of the factors that GM takes into consideration when approving a part for production. Are there circumstances where GM may approve parts for production when such parts do not make such design specifications? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. If so, could you please submit materials for

the record explaining when and why that might occur.

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, I appreciate the lengths to which GM, under your leadership, is going to recall the vehicles and ensure that they are safe to drive.

GM's cooperation with the committee is necessary in order to understand the process by which -- and the reasons decisions were made leading up to the 2014 recall. You may have so far done so, and I expect that you will continue to do so.

Thank you for your courtesy, Mr. Chairman.

Thank you, Ms. Barra.

I yield back the balance of my time.

Mr. Murphy. The gentleman yields back.

I now recognize the Chairman Emeritus of the majority, Mr. Barton of Texas, for 5 minutes.

Mr. Barton. Thank you, Mr. Chairman.

Before I ask my questions, I want to make just a general observation. This is probably the last major investigation that this subcommittee and full committee is going to conduct where we have the services of Mr. Dingell and Mr. Waxman.

We have had a history on this committee and this subcommittee going back at least 40 to 50 years that, when we have major issues, we try to approach them on behalf of the American people in a non-partisan, very open way. And it certainly appears that we are going to continue that tradition today.

So I hope that we can show the best to the American people, that the Congress at its best gets the facts, presents the facts, and does so in a way that in the future we protect the public health and safety for the American people.

Now, with that caveat, I do have a few questions.

A number of Congressmen so far have made the point that these ignition switches didn't appear to meet specifications.

And my assumption is that you have agreed that they did not meet specifications. Is that correct?

Ms. Barra. We have learned that as we did the recall.

Mr. Barton. Now, I am an industrial engineer. I used to be a registered professional engineer. I am not currently registered, but I have been in the past.

Why in the world would a company with the stellar reputation of General Motors purchase a part that did not meet its own specifications?

Ms. Barra. I want to know that as much as you do. It is not the way we do business today. It is not the way we want to design and engineer vehicles for our customers.

Mr. Barton. I mean, I just don't understand that. I have never worked in an auto assembly environment. I have worked in a defense plant, an aircraft plant. I was plant manager of a printing plant.

I have done very limited consulting in the oil and gas industry, but I have never been a part of an organization that

said, "We set the specs. When a part doesn't meet the specs, we go ahead and buy it anyway."

You know, you are currently the CEO, but at one time, I think, before you became CEO, you were the vice president for Global Product Development, purchasing and supply chain.

Is it your position now that General Motors will not accept parts that don't meet specifications?

Ms. Barra. We will not accept parts that don't meet our performance, safety, functionality, durability requirements. As I mentioned before in the steel example, there will be times where there will be a material or a part that doesn't meet the exact specification, but after analysis and looking at the performance, the safety, the durability, the reliability, the functionality, it will be okayed. That happens very often as we buy steel to make the bodies of the vehicles.

Mr. Barton. Well, then, you don't need specifications -- with all respect --

Ms. Barra. No. But --

Mr. Barton. -- what you just answered is gobbledygook. It is your own specification. It is your company's specification.

If a part doesn't meet the specification, why in the world would you not refuse it and only accept a part that meets the specification?

Ms. Barra. There needs to be a well-documented process if you accept a part that doesn't meet the original specifications.

Ms. DeGette. Would the gentleman yield?

Mr. Barton. Briefly, yes.

Ms. DeGette. Do you have that information?

Ms. Barra. On steel?

Ms. DeGette. No. On starters.

Ms. Barra. On the ignition switch --

Ms. DeGette. Yeah.

If it didn't meet specifications, do you have the information on these starters that it met all those other criteria?

Ms. Barra. That is part of the investigation. But, clearly, by the fact that we made a recall, it did not meet the performance specifications.

Mr. Barton. We have the advantage, as a subcommittee, that we know now what happened in the past. We know now that there is a real problem. We know now that a number of young people have lost their lives apparently because of this defect.

So we have the advantage of hindsight. So I understand that. But as Ms. DeGette just said and a number of others, there is no reason to have specifications if you don't enforce them.

This next question is not a trick question, but it is an important question. Right now, how many parts are being used in General Motors' products that don't meet your own company's specifications?

Ms. Barra. I don't have that exact number. But I can tell you the parts that we are using today meet the performance and the

reliability, the safety, that they need to. If we find we have a part that is defective, that doesn't meet the requirements, we then do a recall.

Mr. Barton. Well, again, with due -- that is not an acceptable answer, I think, to the American people.

We are not telling you the specifications to set. Now, there are some safety specifications that -- by law and NHTSA, by regulation, sets, but there shouldn't be a part used in any GM product or, for that matter, any other automobile product that is sold in the United States that doesn't meet the specifications.

At what level was the decision made to override and to use this part even though it didn't meet specification? Was that made at the manufacturing level, at the executive level, or even at some subcomponent purchasing level? Do you know that right now?

Ms. Barra. That is part of our investigation to answer that question.

Mr. Barton. All right. Thank you.

Thank you, Mr. Chairman.

Mr. Murphy. Thank you.

I now recognize Mr. Braley for 5 minutes.

Mr. Braley. Thank you, Mr. Chairman.

Ms. Barra, we have had different perspectives during this hearing. You have been appropriately focusing your attention on the members of this committee and answering our questions.

I have been staring at these photographs on the back wall.

And I see young women the same age as my daughter. I see young men the same age as my two sons. My son Paul owns one of your Cobalts.

I see a young Marine in his dress blues, and I am reminded of the photograph I have in my office upstairs of my father at the age of 18 in his dress blues at Camp Pendleton.

And the focus of this hearing so far has been on GM's commitment to safety, which I think we all agree on is an important topic for this hearing.

You testified in your opening -- and I think I am quoting -- "Our customers and their safety are at the center of everything we do."

And you responded to a question from Ms. Blackburn and told us that you were going to run GM differently than it has been run in the past.

And I have a copy of GM's March 18 press release announcing Jeff Boyer as your new vice president of Global Vehicle Safety.

And in this press release he is quoted as saying, "Nothing is more important than the safety of our customers and the vehicles they drive. Today's GM is committed to this, and I am ready to take on this assignment."

20 years before this hearing an Iowa family harmed by another defective GM vehicle gave me this promotional screwdriver set that they got from their local GM dealer. And if you look at it, on the outside it has a slogan, "Safety comes first at GM."

So my question for you and I think the question that these families back here want to know is: What has changed at GM? Isn't it true that, throughout its corporate history, GM has represented to the driving public that safety has always been their number one priority?

Ms. Barra. I can't speak to the statements that were made in the past. All I can tell you is the way we are working now, the training that we have done, we have changed our core values, the decisionmaking we are leading, we are leading by example.

One of the process changes that we have also made is, in addition to when the technical community makes their decision about a safety recall or a recall, we are going to be reviewing it, Mark Royce, the head of Global Product Development, and myself, to see if there is more than we want to do.

Mr. Braley. Hasn't the core values of General Motors always been that safety comes first?

Ms. Barra. I have never seen that part before.

Mr. Braley. Isn't it true that, throughout the history of the company, it has made representations like this to the driving public as a way of inducing them to buy your vehicles?

Ms. Barra. Today's General Motors -- all I can tell you is today's General Motors, we are focused or safety. We have over 18 vehicles that have a five-star crash rating. Our entire Buick lineup meets that requirement. We take it very seriously.

Mr. Braley. But we are talking about these vehicles and what

has changed.

Have you had a chance to read this article in the Saturday New York Times: A Florida Engineer's Eureka Moment With a Deadly G.M. Flaw?

Ms. Barra. I believe I read a portion of that article.

Mr. Braley. This is an article by a writer named Bill Vlasic. And he wrote in here about an engineer named Mark Hood who is "at a loss to explain why the engine in Brooke Melton's Cobalt had suddenly shut off, causing her fatal accident in 2010 in Georgia.

"Then he bought a replacement for $30 from a local G.M. dealership, and the mystery quickly unraveled. For the first time, someone outside G.M., even by the company's own account, had figured out a problem that it had known about for a decade, and is now linked to 12 deaths.

"Even though the new switch had the same identification number, Mr. Hood found big differences."

And then the article continues, "So began the discovery that would set in motion G.M.'s worldwide recall of 2.6 million Cobalts and other cars, and one of the gravest safety crises in the company's history."

Do you agree with the author that this is a grave safety crisis in the history of General Motors?

Ms. Barra. I have said that this incident took way too long, it is not acceptable, and that is why we are making a radical

change to the entire process, adding more resources, naming a vice president of Global Vehicle Safety who is tremendously experienced and of the highest integrity, and we will continue to make process changes and people changes as we get the results of the Mr. Valukus investigation, and we will take all of those recommendations and we will make changes.

Mr. Braley. Before I yield back, Mr. Chairman, I would like to ask unanimous consent to have this article added to the record for the hearing, if it is not already a part of the record.

Mr. Murphy. Without objection.

[The information follows:]

******** COMMITTEE INSERT ********

Ms. Blackburn. If the gentleman would yield his remaining second, Ms. Barra said they had changed their core values. I think it would be great if she could submit to us what those new core values for GM are so we would have those for the record.

Mr. Murphy. We will ask that for the record.

Mr. Braley. I would also like to have any prior statement of core values for General Motors over the last 20 years so that we can see what has changed, Mr. Chairman.

Mr. Murphy. We will be asking members for several questions to submit to GM for the record.

Now recognize the vice chair of the subcommittee, Dr. Burgess, for 5 minutes.

Dr. Burgess. Thank the chairman.

And thank the witness for spending so much time with us this afternoon.

You mentioned, Ms. Barra, at the start of your written testimony that, over a decade ago, General Motors embarked upon a small car program.

Do you recall why that was?

Ms. Barra. I am sorry?

Dr. Burgess. Why did GM embark upon a small car program 10 years ago, over a decade ago?

Ms. Barra. To have a complete portfolio, I believe.

Dr. Burgess. But the mission -- or the type of car that was manufactured by GM previously had not fit that model; so, this was

an entirely new business line that GM was undertaking?

Ms. Barra. The Cobalt -- and there are several products. But if you are speaking specifically about the Cobalt, it was following a previous small car, but it was an all-new program architecture, et cetera.

Dr. Burgess. Was any part of this done because of the CAFE standards that were changing? Was any of this done because of congressional action that had occurred previously?

Ms. Barra. I cannot answer that question. I wasn't in on decisionmaking at that point.

Dr. Burgess. Let me ask you this. When Mr. Waxman was giving his opening statement, he said it was a shame that the National Highway Traffic Safety Administration did not have access to the same information that General Motors had.

Do you think that was a fair statement for him to have made?

Ms. Barra. As part of the investigation we are doing, I am looking at what information was provided and when.

Dr. Burgess. And that becomes, then, the troubling part of all of this.

I think Ranking Member DeGette had you look at tab 8 in the information binder, and this was talking about the ignition key cylinder assembly. And the date of the PDF that I have is January 1 of 2005. Again, you will find that under tab 8.

But later on in the same document it says, "We are closing this with no action. The main reasons are all possible solutions

were presented. The lead time for solutions is too long. The tooling costs and piece price are too high, and none of the solution seems to fully countermeasure the possibility of the key being turned off."

So that was all in January of 2005. And then, you know, as part of our document evaluation for getting ready for this hearing, there were several accident reports that were supplied to us. And one of those occurred not too far away in Maryland in the middle of the summer of 2005.

And in that accident sequence, a Cobalt hit a series of trees at the end of a cul-de-sac. The driver was fatally injured during that. She wasn't wearing a seatbelt. She wasn't a terribly large individual. She weighed about 100 pounds.

Because the air bag did not deploy, though -- or it would be my -- well, you just have to wonder. Had the air bag deployed, would her small frame have been protected?

I mean, she broke the rim off the steering wheel because of the impact of the collision, her body with the steering wheel and steering column.

Of course, the steering wheel, being somewhat indented toward the driver -- the lower part of the driver's body, hit her under the ribcage, apparently resulting in a liver laceration, which resulted in the exsanguination and the time sequence to get her out of the crash and get her to the hospital.

You can't help but wonder -- because the other injuries that

were reported with that crash are really fairly mild. You have got to believe the air bag would have made a difference there.

I just can't help but think that the people evaluating this must have asked themselves why no air bag went off with this type of crash. She was going 70 miles an hour and hit an oak tree.

Wouldn't that be a logical place for an air bag to deploy?

Ms. Barra. First of all, it is a very tragic situation. Some of the fatalities in these vehicles, again, we see as a tragedy, and we have apologized.

As I read the document that you asked me, I find that unacceptable, that any engineer would stop at that point if there was an issue that they felt was a safety defect.

That is why we are doing the investigation, again, to put a complete timeline together. And I commit to you, we will take action. We have made process changes. We will fix the process. Our goal is to have a world-class safety process.

Dr. Burgess. And I respect you for being here and answering that way.

One of the other accidents that is recorded in our binder under tab 20 was a head-on collision that occurred, I believe, in Pennsylvania where the Cobalt was not at fault.

Another car went over the center line, and there was a head-on impact. Again the Cobalt air bags did not deploy. The driver of the other vehicle -- the air bag did deploy.

I mean, it seems to me this should be a red flag to the

people who investigate air bag non-deployments as an occurrence or as an issue.

In fairness, let me just state that all of the front-seat occupants of both vehicles were deceased as a result of that accident; so, the deployment of the air bag in that situation did not protect, preserve the life of the driver.

But, still, you would have to ask the question. You have a Cobalt and a Hyundai meeting head on. Why did the Cobalt's air bags not deploy?

It was the exact same force for both vehicles. There was no intercedent jarring of the vehicle. They didn't run off the curb. They didn't run over another tree first. So the air bag did not deploy.

Why would that have been the case in that particular accident?

Ms. Barra. Again, it is a tragic situation anytime there is a loss of life in a traffic situation. Again, this is not an investigation that was done by GM. I can't answer your questions because it is usually very complex as they look at that. So I can't comment on this particular study.

Dr. Burgess. If that is part of your internal investigation, though, I would like for you to make that information available to the committee staff and to the committee.

Ms. Barra. We will make whatever information we have available.

Dr. Burgess. Thank you. And thanks for being here.

Mr. Murphy. The gentleman's time is expired.

I will now recognize Ms. Schakowsky for 5 minutes.

Ms. Schakowsky. Thank you, Mr. Chairman.

Mr. Braley talked about the pictures in the back, and I think that what must make it even more painful is that these deaths were needless.

So I want to ask you about something a little bit more than an apology. One of the many questions raised about GM is how -- GM today -- is how you will handle accidents that happened prior to the company's bankruptcy.

GM filed for bankruptcy in 2009, emerging as new GM about 6 weeks later. So that means that new GM, the company as it exists today, I have been told, may not be liable for accidents that occurred prior to July 2009.

Is that your understanding, Ms. Barra?

Ms. Barra. We at General Motors want to do the right thing for our customers, and that is why we feel this is an extraordinary situation, as I have said.

It took too long to get to the answers and the understandings about this part. That is why we have hired Mr. Feinberg.

We feel Mr. Feinberg has had extensive experience and he will bring his experience and objectivity to assess what are the appropriate next steps, because we do understand that we have civic responsibilities as well as legal responsibilities.

Ms. Schakowsky. Are you saying that the hiring of Mr. Feinberg indicates that GM will give some kind of settlement with those individuals whose -- the families whose loved ones lost their lives?

Ms. Barra. We have just begun to work with Mr. Feinberg. In fact, our first meeting will be on Friday. It will take probably 30 to 60 days to evaluate the situation. So we have not made any decisions. We have just started this process with Mr. Feinberg.

Ms. Schakowsky. And that might include people who have been injured as well?

Ms. Barra. Again, we have not made any decisions.

Ms. Schakowsky. Let me ask you this: During GM's restructuring, did the company disclose what it knew about this ignition switch defect? By 2009, there is no doubt that officials in GM were aware of this problem.

Ms. Barra. I was not aware of this issue. I can't speak to what was disclosed. So, again, our investigation will cover if there was any information. But, to my knowledge, it was not known at the senior leadership of the company.

Ms. Schakowsky. So does GM accept responsibility for the accidents caused by the company's defective vehicles?

Ms. Barra. First of all, I again want to reiterate we think the situation is tragic and we apologize for what has happened and we are doing a full investigation to understand --

Ms. Schakowsky. I am talking about responsibility and even

liability.

Ms. Barra. Responsibility -- I am sorry. I don't understand your question.

Ms. Schakowsky. And even liability.

Do you take responsibility? Is the company responsible? The new GM, is it responsible?

Ms. Barra. We will make the best decisions for our customers, recognizing that we have legal obligations and responsibilities as well as moral obligations. We are committed to our customers, and we are going to work very hard to do the right thing for our customers.

Ms. Schakowsky. I hope that you do do the right thing.

Let me ask you about some of the people who potentially knew about this.

So you have appointed for the first time a president of Global Vehicle Safety. I have to tell you I am underwhelmed by that, thinking that it is such an obvious thing to have someone high up that would, in fact, be able to connect the departments so everybody knew. I guess it is a good thing, however, that it is finally done.

So we know that Ray DeGiorgio was the GM engineer who approved the ignition switch redesign in 2006. Is he still an employee of your company?

Ms. Barra. I believe he is.

Ms. Schakowsky. Do you know who signed off on the initial

faulty ignition switch that did not meet your specifications?

Ms. Barra. I don't. But that is what I will learn with the investigation. And after we have a complete investigation from a very complex process, we will take action.

We will change process, and we will deal with any people issues. I think we demonstrated in the issues we learned in India with the Tavera about a year ago, we will take serious steps and hold people accountable.

Ms. Schakowsky. So no one right now has lost their job as a result of this knowledge about this defective part?

Ms. Barra. We are just a few weeks into the investigation by Mr. Valukus. We have already made process changes.

And as I return to the office after this, we will begin to look at the implications, now that we have more data coming from the investigation, and take the appropriate steps.

Ms. Schakowsky. Thank you.

I yield back.

Mr. Murphy. Gentlelady yields back.

Now recognize the gentleman from Georgia, Dr. Gingrey, for 5 minutes.

Dr. Gingrey. Mr. Chairman, thank you very much.

This hearing is much appreciated, pretty poignant to me, since Brooke Melton lived in my congressional district at the time.

And had it not been for an outstanding plaintiff's attorney

in the Cobb Judicial District of Georgia in bringing this case -- I am sure it was against a local dealership -- resulted in a settlement, but it brought to light what is going on now and the purpose. And, hopefully, some good can come from this hearing.

And I want to thank Chairman Murphy for holding it and investigating the root cause of the General Motors recall of over 2.6 million vehicles linked to these ignition defects. Unfortunately, Ms. Barra, I heard just yesterday that the recall now includes 6.3 million vehicles.

And I do want to speak a little about this young lady named Brooke Melton, a nurse in Paulding County, Georgia, which, at the time, was in the district I represent.

And she was, as you know, tragically killed March the 10th, 2010, on her 29th birthday in a horrific side-impact accident on Highway 92, and the ignition switch in the accessory position.

Just the day before, just the day before, her death, she took her 2005 Chevy Cobalt into the dealership for service, and the service report stated, "Customer states engine shut off while driving. Please check."

Despite the fact that a service bulletin was issued from General Motors for faulty ignition switches back in 2005 for that make and that model, the on-site mechanic cleaned the fuel line, cleaned the fuel injection, told her to come pick up her car, which she did.

Brooke Melton's tragic death is not acknowledged as part of

this recall because it involved a side impact instead of a front impact. Ms. Melton's parents, Ken and Beth -- they are not here today, I don't think, but they deserve answers.

Ms. Barra, is Brooke Melton included in General Motors' death count? Yes or no?

Ms. Barra. To my knowledge, no.

Dr. Gingrey. No?

Ms. Barra. Because it was a side impact and we --

Dr. Gingrey. Right.

Why did General Motors not include the non-deployment of air bags from side-impact accidents resulting in loss of life or injury in this recall?

Ms. Barra. As you look at a frontal collision and the way the air bag is to operate, I believe the assessment -- the assessment was made that would potentially be related to the switch.

Dr. Gingrey. Yeah. But, Ms. Barra, if you connect the dots -- I mean, the ignition gets knocked over to the accessory position. There was a problem using faulty, even by your own standards, equipment.

And so maybe what happened was that all of a sudden the car stalls. She is driving perfectly, trying to control without any power steering, without any power brakes, and may very well have -- and I don't know the details of that accident -- but may very well have run through a four-way or a red light and was

slammed into from the side.

Whether it was a head-on collision or a side collision, it was for the same reason, and she is dead. And that was almost four years ago.

I don't understand why General Motors does not include the non-deployment of air bags from side-impact accidents resulting in loss of life or injury in this recall. Can you explain that to us.

Ms. Barra. Well, first of all, all of the accidents and fatalities are very tragic, as you have indicated, and we are deeply sorry for those.

We have been very clear of the number that we put forward. There has been a lot of analysis that has gone on to look at potential incidents and --

Dr. Gingrey. Well, did General Motors investigate or do you plan to investigate whether this condition relates to the non-deployment of air bags in side-impact crashes?

Ms. Barra. We have individuals that are looking at the available information from accidents --

Mr. Dingell. You told us about your recent hire, and I hope -- well, lastly, Ms. Barra, to what extent did GM regularly inform dealerships, like the dealership, obviously, in Cobb County, of its 2005 technical service bulletin on faulty ignition switches so that these service technicians, the young guys, you know, maybe working there 6 months to a year, that they could

properly address a customer complaint like Brooke had the day before her death?

Ms. Barra. I am sorry. Was your question how do we communicate service bulletins?

Dr. Gingrey. How do you make sure that these dealerships all across the country and their service departments are making sure that their technicians are getting and receiving the instruction?

Ms. Barra. We can provide details on exactly how we communicate service bulletins and how that is rolled out to each of our dealerships across the country.

Dr. Gingrey. I hope you will. Thank you, Ms. Barra.

And, Mr. Chairman, I yield back.

Mr. Murphy. Ms. Barra, related to his questions, with all these calls in recall and waiting for parts, what are drivers supposed to do in the meantime while their cars sit in the driveway?

Ms. Barra. We have communicated and we have done extensive testing that, if you have just the ignition key with the ring or just the ignition key, the vehicle is safe to drive.

If people are not comfortable with that, we are making loaners or rentals available. They can go to their dealer. We have over 13,000 customers that have these vehicles in rentals or loaners right now.

Mr. Murphy. And you are assuring people that it is safe to drive if they just take the other things off the key?

Ms. Barra. There has been extensive testing done by the engineering team. And with just the key and the ring or just the key, we believe it is safe based on our testing.

Mr. Murphy. Recognize Mr. --

Ms. DeGette. Excuse me, Mr. Chairman.

Is that true of the earlier ignitions as well as the 2006, all of them? All these cars, that's true?

Ms. Barra. Yes.

Ms. DeGette. Thank you.

Mr. Murphy. Mr. Tonko, you are recognized for 5 minutes.

Mr. Tonko. Thank you, Mr. Chair.

Ms. Barra, thank you for appearing before the committee.

And I have to believe, for the family members and friends of the victims of this tragic outcome, it must be a very painful process to sit here and listen to the exchange.

Just a comment at first. We are hearing a lot about information that will come post the investigation or the review.

However, I hold in my hands a February report and a March report to NHTSA on behalf of GM under your watch that provides detailed timelines with a whole bit of knowledge exchanged.

And I am confused somewhat about that fair amount of knowledge that has been formally exchanged to NHTSA and, at the same time, we are hearing, "Well, we don't know until the investigation is complete."

So there is a conflict that I think is brought to bear here

in terms of an exchange that has been detailed in the last few weeks under the watch of the new General Motors, today's GM.

And at the same time, when I was listening to our representative from Illinois ask about the corporate chart and the changes, no changes have been made. We are waiting for that pending the investigation. But at the same time, we have characterized -- or relabeled it as today's General Motors.

So while we are all products of the environment that produces us, the cultural impact of GM seems to still be in play with a number of people who have perhaps shifted positions, but are all part of that organization.

So comfort me by telling me that there is a new thinking, there is a new culture, that has beset GM while all the players are still there in the corporate chart. Tell me how the company has restructured and reorganized so as to bring comfort to the consumer.

Ms. Barra. First, there are many new people in the company as well as people who have experience across the company. There is a new structure. For instance, in Global Product Development, we have streamlined, eliminated bureaucracy.

We took out an entire layer of management in the product development. We have completely redone the quality processes over the last -- it started in the 2011-2012 time frame.

We have changed our test procedure. We have added additional validation. So there has been a complete remake of the way we

drive quality. We test to failure instead of testing to a standard. That is just one example.

And we have looked across the entire organization. We have rebuilt our supplier quality organization, adding over 100 resources just in this country alone.

So systematically we have gone across the company and we are making changes, even in the chronologies which I think you held up.

Those are the most detailed chronologies that we have ever provided, sharing, again, in a summary fashion, the information we have now, but then we are conducting an investigation with Mr. Valukus.

We have also rolled out new values with the customer as our compass, relationships matter and individual excellence. We have trained thousands of people.

But, most importantly, it is leadership at the top. It is the leadership of how we behave, of how we demonstrate when we make decisions, and that we make decisions that focus on the customer, focus on safety, focus on quality. And I can tell you, from my leadership team and the next layer, we continue to drive that every day.

We recognize culture change doesn't happen in a year or two, but we are well on that journey, and we are dedicated to it and we very clearly want to have the safest vehicles on the road.

Mr. Tonko. And will you make that list public from the

report that you are anticipating?

Ms. Barra. I am sorry?

Mr. Tonko. Will you make the list that will be coming forth public? Will you share it?

Ms. Barra. That's the list of? I am sorry.

Mr. Tonko. The full report coming from Mr. Valukus.

Ms. Barra. Mr. Valukus will give us findings and we will make the appropriate findings available to this body, to our customers, and to our employees.

Mr. Tonko. The appropriate findings.

What about the full report?

Ms. Barra. I don't know if he will give a report or if he will share findings.

Mr. Tonko. If he does, will you share the full report?

Ms. Barra. We will share the appropriate information.

Mr. Tonko. Not the full report?

Ms. Barra. Again, I don't know if there will be a full report. But we will share --

Mr. Tonko. If there will be a full report, will you share it?

Ms. Barra. I commit that we will be very transparent and we will share what's appropriate.

Mr. Tonko. So, in other words, there is no commitment to share the full report?

Ms. Barra. I am saying I will share what is appropriate.

Mr. Tonko. I hear the answer.

Mr. Chair, I yield back.

Mr. Murphy. Gentleman yields back.

Recognize the gentleman from Louisiana, Mr. Scalise, for 5 minutes.

Mr. Scalise. Thank you, Mr. Chairman. I appreciate you having this hearing.

Ms. Barra, I thank you for being here.

Let me say first my prayers are with all the families of those who lost their lives and others who have been impacted by this. I want to thank you all for being here in this room as well.

Obviously, the questions we have are even more pertinent to the families that are here, and that is why it is important that we ask the questions and get answers.

And if we are going to make sure that we can prevent something like this from happening again, we have got to get into the real details of what went on during those period of years, unfortunately, years, where it seemed somewhere inside of General Motors there was knowledge that this was a problem before it got to the level of recall.

I want to first take you, Ms. Barra, to the tab you have got there, Number 38. Tab 38 is the signoff. This is what is called a General Motors commodity validation signoff. This is the actual sheet that the engineer signed off on that approved the design

change in the faulty ignition switch.

Have you seen that document before?

Ms. Barra. This is the first time I have seen this document that is labeled "Delphi."

Mr. Scalise. Now, what we are talking about here -- I mean, how long have you been aware of the problem with these faulty ignition switches?

Ms. Barra. I was aware that there was a faulty ignition switch on January 31.

Mr. Scalise. Of this year?

Ms. Barra. Of this year.

Mr. Scalise. Okay. So as you are going through -- I'm sure some of the questions you have and are asking and maybe some of the ones we are having -- the first question you would want to ask is: What did we know about it? When did we know? Did we know well in advance? And why didn't we prevent it from happening?

The first thing we all are talking about is when was this found out within GM to the point where they actually made a change. I mean, you all made a design change.

The letter I have got here, this form, is dated April 25 of 2006. So 2006 is when your engineers -- and there is a name on this sheet. There is an actual engineer who you just said under oath earlier is still employed with GM.

There is an engineer that actually signed this document requesting -- not requesting -- approving a change in this

ignition switch, in fact, with the part number. The part number is on here.

To your knowledge, has anyone in GM taken this -- he is an employee of yours. You can just pull him aside right now and ask him, "When you signed off on this in 2006, number one, why didn't you change the part number? And, number two, why did you approve a change in the ignition switch and not bring it to the level of recall?"

In 2006 -- clearly people lost their lives after this was signed off on. So do you know right now -- and you are under oath -- do you know of anyone that has asked the person that signed this -- that signed off on this -- have any of you all asked him those basic questions?

Ms. Barra. I know this is part of the Anton Valukus investigation. And I want to know the answers to the questions you are asking as well as you.

Mr. Scalise. Do you know of anyone that's asked him that question? I mean, he's an employee of yours right now. You can pull him aside right when you leave here today and ask him these questions.

Ms. Barra. I think it is very important as we do an independent investigation that we let Mr. Valukus go do a thorough investigation, talk to people, that there is not a lot of side investigations going on. He is the one standard that we are going to use in this investigation. He brings the objectivity to it.

Mr. Scalise. Clearly, you know, there -- I mean, you talk about a new culture.

Has anyone been held accountable as of now for what's happened?

Ms. Barra. Again, we learned of this on January 31.

Mr. Scalise. Well, again, you have a design change in 2006 related to what we are talking about. This is not a 2014 issue.

The recall was issued in 2014, but the product, the faulty ignition switch we are talking about, was redesigned in 2006 by one of your engineers who's still an employee of General Motors.

If you can't get me that information -- and if you do find that information out, by the way, would you get that to the committee?

Ms. Barra. It will be part of the investigation and we will share that.

Mr. Scalise. The other question I want to ask you -- because later on we are going to have the acting administrator of the National Highway Traffic Safety Administration.

Some of the things he says in his testimony -- before you leave, I would like to get at least some responses. He says, number one, "We are pursuing an investigation of whether GM met its timeliness responsibilities to report and address this defect under Federal law."

Are you aware of whether or not GM has met its obligations of timeliness?

Ms. Barra. That will be part of the investigation that we are doing.

Mr. Scalise. But you are not aware at this time, though. I mean, if you are aware of something, that would be a violation of Federal law.

If you are aware of that already, can you share that with us?

Ms. Barra. I am aware of the findings that I have already shared from Mr. Valukus today.

Mr. Scalise. And another question he asks -- in the brief time I have left, he says, "GM had critical information that would have helped identify this defect."

That's the gentleman that's testifying right after you. You don't have the opportunity to come behind him and respond. He is going to be saying this. He is writing this in his testimony.

What would you say in response to his statement that GM had critical information that would have helped identify this defect?

Ms. Barra. As I have already said, we have already learned through Mr. Valukus's investigation that there were points in time where one part of the organization had information that wasn't shared across to the other side of the organization. You can call it a silo.

At some point, they didn't understand that the information would be valuable to another party. So I have already shared that we have found that to be true and we have already made changes to the structure and to the responsibilities of people. So that

won't happen again.

Mr. Scalise. We appreciate getting the full range of answers to all these questions.

And, with that, I yield back the balance of my time. Thank you, Mr. Chairman.

Mr. Murphy. Time is expired.

I now recognize Mr. Green for 5 minutes, of Texas.

Mr. Green. Thank you, Mr. Chairman.

Ms. Barra, first of all, congratulations on being the CEO of General Motors. Like a lot of my constituents, I have been a customer of GM. In fact, I can't list the number of vehicles I think I have owned. Although my wife drives a Tahoe, I lease a Malibu. I have a Blazer. And, you know, we keep them for a long time. So I appreciate GM products.

And you have heard the questioning today, and it seems like on a bipartisan basis we are trying to find out what is happening, although -- Mr. Chairman, I know you heard it -- I was surprised because Dr. Gingrey is a good friend of mine and a physician and, to say he thanked a plaintiff's lawyer for something, you have at least gotten Republicans and Democrats on the same side on something. Phil's not here now, but there is a reason we have a civil bar.

You have gone down the litany with the other questions of the problems that were happening. In 2002, the switch was acknowledged it was below specs. In 2005, the dealers were

notified of a problem, but it was because of heavier key rings.

And I thought about my wife's key ring that she uses. It has everything in the world on that key ring. So I couldn't imagine that would be an issue.

But, I guess, getting down to the concern I have -- and in 2007 you modified the switch ignition for future models, but -- though the switch ignition still fell below the initial torque standards by GM.

Let me give you an example of what this has caused. I have a constituent who I talked to yesterday before I left Houston whose mother, Lois, owns a 2003 Regal, which is 10 years old. And she has owned GM products, like I guess I have, for many years.

But the Regal began stalling and turning off in February of 2013 and even the car had less than 50,000 miles. Since she's owned the car, it's gone to the GM dealer six times.

The battery has been replaced, and each time the dealer did not fix the problem. She ended up finding -- and I quote Mrs. Knutson who told it to me -- she finally found a shade tree mechanic who actually fixed it.

And I guess what bothers me, if you go back to the dealer this many times -- and I hold the dealers -- you know, repair shops to a higher level simply because they know the product -- that what has happened -- can you confidently say that these stalling issues are limited only to the Cobalt, the HHR, the Pontiac G5, the Solstice and Saturn Ion, and the Sky models of

vehicles or is it other ones like the Regal or maybe like the Malibu I drive?

Ms. Barra. Again, I am not aware of any other stalling issues. If we have an issue, we put it into our recall process and make decisions. So if there is a defect that you are aware of, I would appreciate the information, and I will definitely look into it.

Mr. Green. Well, we will get you that information.

I have a couple minutes left. But I represent a very industrial area. We have refineries and chemical plants. What we do is inherently dangerous. And so you have to take extra concern about it.

It looks like in the last 10 years GM has not -- somewhere along that line, the culture of the company is not there to deal with that. And, as the new CEO, I would hope you would make sure it happens.

And I have said this many times. When I have a chemical plant or a refinery that has an accident and somebody dies and -- we have been able to pinpoint sometimes with civil justice, but sometimes through Chemical Safety Board, on what decision was made that they didn't do that caused people to die.

That is what happened here. And General Motors is a much greater company than to do that, and I would hope the culture of your corporation would be better so it would continue to earn the respect that both this lady and I have.

But that is your job now as CEO, but you need to fix it and fix it as quick as you can because it is going to cause problems, obviously.

Ms. Barra. I agree with you. It is completely my responsibility, and I will work day and night. We have already made tremendous change at General Motors. We will continue to do that, and I recognize it is my responsibility.

Mr. Green. The last thing in my 30 seconds is: Should my constituent -- should she have her mother in Phoenix take that Regal back and have it checked by a dealer now and see what happened?

Ms. Barra. Yes. And I wish you would send a note to me, and I will --

Mr. Green. I will get you that information.

Ms. Barra. Thank you.

Mr. Green. Thank you, Mr. Chairman.

Mr. Murphy. I now recognize Mr. Griffith for 5 minutes.

Mr. Griffith. Thank you, Mr. Chairman.

Ms. Barra, you have indicated that not having a new part number when the part was changed in 2006 is not acceptable. Is that correct?

Ms. Barra. That is correct. Yes.

Mr. Griffith. And I guess it is hard to figure that somebody would have just done that by accident and that there had to be a reason.

Because that was a breach of protocol, wasn't it?

Ms. Barra. I don't think there is an acceptable reason to do that.

Mr. Griffith. And while there may not be an acceptable reason, you would have to acknowledge that a reason in somebody's mind, while not acceptable, might be that it is actually harder to track the problem with the old part when you have an improved new part that is put in its place. Isn't that correct? Yes or no?

Ms. Barra. Yes.

Mr. Griffith. And while you have indicated that you did not know the individual name of the person who made that decision, do you know whose job title it was or in whose chain of command it was to make the decision not to create a new part number for that part?

Ms. Barra. I don't. It would be within the engineering organization, but I will learn that from the investigation and we will take appropriate action.

Mr. Griffith. And would that engineering department have been under your chain of command at some point in your tenure with GM?

Ms. Barra. Since February of 2011.

Mr. Griffith. But it never got to you? Nobody ever brought this to your attention?

Ms. Barra. No, it did not.

Mr. Griffith. I appreciate that.

I do have this question, and I think that the answer probably is that your investigation will reveal this.

But it is somewhat concerning that, while the trial lawyer that uncovered this may be very savvy and his expert might be pretty sharp, you all have sharp people working at GM as well; do you not?

Ms. Barra. I believe we do.

Mr. Griffith. It is one of those questions that I am sure your investigation will uncover. But why didn't your team of engineers connect the dots and figure out that, when the ignition slips into that auxiliary position, the air bags won't function properly?

Ms. Barra. Congressman, those are the questions I want to answer and, as I have said, it has taken way too long. And we will learn from this and we will make changes and we will hold people accountable.

Mr. Griffith. And not only holding people accountable, but you were asked earlier -- and I know you are in a tough spot on that -- as to what kind of liability GM will end up accepting because there is legal liability and moral liability. And you have said that.

One of the questions that I would have -- it would have been a whole lot easier just to have actually listed these liabilities in the bankruptcy; would it not? It would have been easier to do it in the bankruptcy instead of having to come out now, wouldn't

it?

Ms. Barra. The best thing in the world would be, as soon as we find a problem, we fix it and it doesn't exist in the marketplace and doesn't affect our customers and doesn't create tragedies.

RPTS JANSEN

DCMN HUMKE

[3:47 p.m.]

Mr. Griffith. And here is one of the things that concerns me. Have you been given any estimates yet by Mr. Feinberg or others as to what a best-case or worst-case scenario is on your civil liabilities?

Ms. Barra. We have just been in initial conversations with Mr. Feinberg. I believe we will work through him to evaluate the situation over the next 30 to 60 days.

Mr. Griffith. Has anybody else given you a best-case or worst-case scenario over liability issues related to this problem?

Ms. Barra. There has been a lot of estimates done in the public, but none given specifically to me.

Mr. Griffith. Okay. Would those liability issues have negatively impacted the prospects of either a bailout by the Federal government, or prior to the bailout, the people who were lending you money to keep GM afloat with its heavy liabilities already existing, would not the additional liabilities that would have come forward by this problem have had the potential to dissuade private investors or the Federal government from giving cash to GM?

Ms. Barra. As I look at it, as soon as we identify an issue and fix it, then there aren't liabilities or the liabilities are

contained. As we look at problems as we go forward, we want to fix them as soon as we can. If there is a safety issue, we are going to make the change, make the right investment, and accept that.

Mr. Griffith. But in the real world of business, if there is a new set of liabilities that come onto the page that weren't there before, it is harder to get money from both public and private sources; isn't that true?

Ms. Barra. I think it depends on the situation. So it is a general question. I don't feel appropriate commenting.

Mr. Griffith. I appreciate that.

Let me ask this last question. When this issue first came up, the corresponding Problem Resolution Tracking System report document identified the issue of severity 3. What does that mean?

Ms. Barra. I am sorry, I didn't hear you.

Mr. Griffith. Severity 3. I am referencing back to some of the documents that you have given and your folks have given us. And it is initial assessment in 2004, 2005 when your Problem Resolution Tracking System report came out, it related this problem as being severity 3. What does that mean?

Ms. Barra. I don't have a specific definition for that. I --

Mr. Griffith. Can you get one for us?

Ms. Barra. I can.

Mr. Griffith. I appreciate that.

And I yield back.

Mr. Murphy. Can I ask a clarifying question to what Mr. Griffith was saying.

Did GM purposely, willfully negotiate, during the bankruptcy issues or in the process of obtaining the loans, did they purposely withhold any information that they may have known about pending lawsuits or things that would be emerging in the future about the Cobalt or other cars?

Ms. Barra. I am not aware. I personally did not withhold any information. I am not aware, but I can't speak to every single person.

Mr. Murphy. Thank you.

Mr. Welsh, you are recognized for 5 minutes.

Mr. Welsh. Thank you.

I have to congratulate General Motors for doing the impossible: You have got Republicans and Democrats working together. And I thank my colleagues for their focus on this hearing.

Couple of things. How many cars have been recalled as of this date?

Ms. Barra. Related to the ignition switch?

Mr. Welsh. Right.

Ms. Barra. Over 2.5 million.

Mr. Welsh. Now, this ignition switch issue, was first -- it came to light in 2006; is that correct?

Ms. Barra. Through our investigation, we will know when it came to light. It came to light to me on January 31st, 2014.

Mr. Welch. That is totally irrelevant to the people who lost their lives.

Ms. Barra. I understand.

Mr. Welch. I mean, you are the current CEO, but that is not relevant to the question I asked.

Ms. Barra. You asked when I became aware of it.

Mr. Welch. No. GM.

Ms. Barra. Again, that is what we will learn in our investigation.

Mr. Welsh. Well, you changed the switch after 2006. You began in 2007 changing the switch; right?

Ms. Barra. Yes, there were changes made.

Mr. Welsh. So would it be a logical inference that somebody thought there was a reason to change the switch that had been in use in 2006 to 2007?

Ms. Barra. As we do our internal investigation, I hope get those answers.

Mr. Welch. Wouldn't that be a starting point? Somebody for some reason decided to change the very critical part in the car, between 2006, 2007; correct?

Ms. Barra. Correct.

Mr. Welsh. So let me ask you this: If you had recalled cars and acted on this aggressively in 2006, when you were making the

decision that you had to change this -- you, GM, not you.

Ms. Barra. I am sorry.

Mr. Welsh. GM the changed the switch, how many cars would you have had to recall had you acted in 2007 when you made the decision to change the switch?

Ms. Barra. I can get you the exact number. But it would have been significantly less. I don't know.

Mr. Welsh. Give me an estimate. You can talk to your back row there if you want.

Ms. Barra. Again, I will confirm with an answer, but I would assume it is something around more 1.2 million.

Mr. Welsh. Just from 2000 -- so you would have cut it down at least in half, and maybe more --

Ms. Barra. Because, again, we are starting with vehicles that the Saturn ION was in production in 2003.

Mr. Welsh. Let me just get a business-type question here. What do you estimate would have been the cost to GM of this recall had they done it in 2007?

Ms. Barra. When we looked at the population from 2003 to 2007, actually, if I look at all of the vehicles that had this, it would have been a higher number, I believe it was 1.8. And that would have probably -- the estimated costs for those two pieces is something less than a hundred million.

Mr. Welch. Okay. And what do you estimate will be the cost of the recall now that it is being done 8 years later?

Ms. Barra. Well, there is a larger population. We can provide the information.

Mr. Welsh. I want an estimate. I want people to be able to hear this. A decision delayed is money and lives at risk. So I am trying to get an opinion from you, and it is ballpark so it can be adjusted, as to what the costs would have been had you acted 8 years ago versus acting now. You, GM.

Ms. Barra. Well, if we would have acted at that point we would have had a smaller population, as we talked about.

Mr. Welsh. I know that. That is obvious.

Ms. Barra. I am sorry, I am not trying to be difficult. I don't understand your question.

Mr. Welch. You know what? If I were on the board of directors and I had an obligation to shareholders, and I had a company that could have acted 8 years ago, to deal with a problem but by not acting let that problem increase in magnitude, do more damage to shareholders, do more damage to the bottom line, do enormous damage to the reputation of this company, and cause we don't know how much harm to citizens, I would want an answer to the question.

Ms. Barra. I agree. It would have been substantially less at that time frame had we done it than what it will be now.

Mr. Welsh. GM was involved in litigation concerning allegations that this switch was defective and caused problems; correct?

Ms. Barra. Yes.

Mr. Welsh. And GM settled some of these litigation matters; correct?

Ms. Barra. Correct.

Mr. Welch. After very aggressive defense. Those settlements were secret?

Ms. Barra. They are confidential by both parties.

Mr. Welsh. By both parties -- I am -- you know, some of us have been in court. By "both parties" usually means by the request of the party that is paying the damages.

Ms. Barra. I wasn't involved in those settlements. All I know is confidential was by both parties.

Mr. Welsh. Okay. This is not good. You are the company right now. All right?

Ms. Barra. I am.

Mr. Welsh. Let me ask this question. Do you believe that when a company that has been sued about a matter involving product safety, where a person has been seriously injured or has died, that the company that settles as a matter of policy, should be entitled to keep secret what that settlement was about?

Ms. Barra. I am not -- I think that there are issues associated with that that every settlement is unique and it is a decision that is agreed to by both parties. And I don't have any comment beyond that. Each one is unique.

Mr. Welsh. Let me ask you this: If a company, GM or any

company, settles litigation and pays a substantial amount of money pertaining to an allegation about serious bodily injury or death, should that company be permitted to keep secret that settlement from the governmental agency whose responsibility it is to protect the public safety?

Ms. Barra. If that is information required by that government agency, then we would provide it if the two parties involved in the settlement agree to it, that is their agreement.

Mr. Welsh. So if you don't have to do it, you won't do it?

Ms. Barra. If both parties want that. I am making the assumption that both parties agreed to it, which what is I have been told.

Mr. Welsh. I yield back.

Thank you.

Mr. Murphy. Gentleman's time has expired.

Now recognize the gentleman from Mississippi for 5 minutes, Mr. Long.

Mr. Long. Thank you, Mr. Chairman.

And thank you for being here, Ms. Barra.

And I want to thank the families that you here today for keeping safety in the forefront of America's and Congress's consciousness when it comes to automobile safety. And we have heard about the same subcommittee in the past, dealing with the issue before I came to Congress, the Ford Explorer/ Firestone tire situation. We have heard about the Toyota accelerating car issue.

And, like I say, I wasn't here, but I can imagine that the questions were similar: Who knew what when? Who was responsible? Did you know this person? Have you done anything about it?

I want to take a little different tack with my line of questioning, as I normally do. And that is that, people ask me all the time, Do you think you make a difference? When you go to Congress, you are up here a few years, do you think you are making a difference? And that is hard to quantify, to explain to somebody whether you are making a difference or not. But today this is a day I want to look back on and say, you know, I think I made a difference. I think that we got some answers to questions in the future to prevent -- I don't want to be here again and I don't want to have them say Ford Explorer/Firestone tire, Toyota accelerating, and you remember the GM faulty ignition switch. So that is what I would like to say, yeah, we made a difference.

And with that, like I say, I thank the families for being here and keeping it in the forefront of safety so there is not other people sitting in those same seats next time we approach an issue like this. Because hopefully there won't be a next time. And the finger pointing, the old analogy, when you are pointing your finger, you got three fingers pointing at yourself. There is going to be a lot of finger pointing in this.

But I would really like to drill down on and get answers to is how the NHTSA, or whatever they are calling it, the National Transportation -- National Highway Transportation -- or excuse me,

National Highway Traffic Safety Administration and you all, as an automobile manufacturer, if you can work to see that this doesn't happen again so that the two organizations can work together and drill down on these problems when we first learn them, whatever the next problem may be, that would be my goal for here today.

In answer to one of Chairman Upton's, the Chairman of full committee's questions awhile ago, and I don't even know what he was asking about exactly. But you said "I was not part of that organization at the time."

I am sure that was something within General Motors. Because you, like I, have a history that goes back I think to when you were 18 years old with General Motors. So you were there at the time as far as the overall organization but not whatever part he had -- your father, I believe, worked 39 years for Pontiac. So you indeed go way back.

I go back to 18 years old with General Motors too. When I was 18, my folks bought me a 1973 GM Jimmy. If you think of a big Suburban today, cut off two doors, and that was a Jimmy, or a Blazer; Chevrolet called theirs a Blazer. I was in the real estate and auction business for years, from 1973 to about 2005, I drove nothing but General Motors Suburbans. I remember times when the key would be in there and you would go to put your key in and it wouldn't work. Why wouldn't it work? Because I had a big key chain a big key ring. And it would vibrate. And it would tear the teeth off the keys to where the key no longer functioned.

But never once did I have that shut off, never once did I have that fail to act or shut off in the middle of driving. So, to me, from 1973 to 2005, with my experience, they made pretty good ignition switches.

Can you tell me how many models GM makes today?

Ms. Barra. Oh, around the globe, over a hundred.

Mr. Long. Hundred different models. Can you tell me how many ignition switches they make?

Ms. Barra. Well, we sell over 8 million vehicles.

Mr. Long. No, I mean how many per -- if you have a hundred models, how many different ignition switches would there be?

Ms. Barra. I can't answer that question. I don't know.

Mr. Long. To me, GM has proven in the past, and other companies have, that you can -- I just don't understand this reinventing the wheel, that every car has to have a different ignition switch with different set of circumstances made by somebody down in Mexico to make sure that it meets the qualifications.

So I would recommend two things: That you work hard with us. Our next witness from the National Highway Traffic Safety Administration says that a car, when it shuts off that the airbag will still deploy for 60 seconds. I can't imagine being in a cash that a car shut off and you continue for more and 60 seconds. So that is a question that I am going to have for him.

But I would ask that you reach out and work not only with

your engineers, saying, hey, we have got some pretty good -- why do we reinvent the wheel every time we go to invent a new ignition switch for all these different models? And also hope that you will reach out and work with the National Highway Traffic Safety Administration so.

Ms. Barra. I would welcome the opportunity to have our technical experts look at how we can improve the way the system works. Because airbag deployment is part of the system, and I would welcome the opportunity if there are improvements that can be made, we would want to be in the forefront of making them.

Mr. Long. In communication with NHTSA.

Ms. Barra. And work closely with NHTSA --

Mr. Long. I appreciate it. I thank the families.

Mr. Chairman, I yield back.

Mr. Murphy. Now recognize Mr. Yarmuth for 5 minutes.

Mr. Yarmuth. Thank you, Mr. Chairman.

I, at the outset, want to express my condolences to the family of the victims of this tragedy. And I know it must be frustrating to you to listen to this testimony. And you are looking for answers and so are we and so is GM right now. And I hope we do get answers because I was frustrated by the same questions that my colleague had just mentioned. I have been driving a long time, and this is a pretty well established technology, sticking a key into an ignition and turning it. Are you aware of any other ignition problems that have been discovered

or -- in GM or any other vehicle over the history of key ignition systems?

Ms. Barra. I have not reviewed every incident we have ever had. By I -- you know, we do, as we find issues, we document them and take them through our process. And in particular case it took way too long.

Mr. Yarmuth. And there is a new technology. I have been driving a car for four and a half years. I confess it is a Ford product, not a GM product, that has a push-button ignition. I was in a GM car last week, very nice one, by the way, which has a push-button ignition system.

How do you make the judgment as to whether a car has a push-button ignition system and/or a key ignition system and what are the differences?

First of all, in terms of safety, we know that this particular situation wouldn't occur with a push-button ignition system. But how do you make that decision as to what goes into which car.

Ms. Barra. We evaluate. And actually the push-button start is something that we are evaluating putting across the portfolio. As you look at the specifics of a push-button start versus the traditional ignition, I would like our experts to provide that information. Because again. The ignition switch and how it is a component that operates as part of a system of the vehicle especially as it relates from a safety perspective. I think we

would be better served to have our experts cover that.

Mr. Yarmuth. But you are doing an analysis of whether a push-button ignition system is safer than a key ignition system?

Ms. Barra. We can definitely do that. I think, you know, there has been work done that both can be designed to be safe. But we are looking because of the customer, you know, it is a function, it is a delighter, usually when the vehicle has a push-button start, we have them on some of our vehicles. We continue to roll those out across our entire portfolio, and we are looking at doing it across the board.

Mr. Yarmuth. I have no idea if there is a difference in the safety. There may be done. But it would be worth doing that analysis.

One of my staff members has a 2005 Malibu that was recalled because of a power steering issue, and she called the dealership, and the dealership said that they didn't know how to fix it. So my question to you is, are you confident that GM knows how to fix the vehicles it recalls for the variety of problems that have --

Ms. Barra. Well, first of all, if we find a situation that is not safe and we don't know how to fix it, we are still going to recall the vehicles and we will take those actions. In this case, there may be a communication lag, because there is a fix, whether it is a check or a replacement of the product. So that does exist for that specific vehicle.

Mr. Yarmuth. So she is getting bad information from here

dealership or they haven't been told yet.

Ms. Barra. I would assume. I can follow up if you would like.

Mr. Yarmuth. I mean, I think the public be would want to know that --

Ms. Barra. Right.

Mr. Yarmuth. Because you now have --

Ms. Barra. Right. That there is --

Mr. Yarmuth. -- millions of vehicles out there under recall. And she was told to go ahead and drive the vehicle if she felt safe. And I am not sure that every driver would know whether they should feel safe or not.

I mean, that -- some people, if the power steering goes out are strong people and maybe it is happened to them before and they know that it is going to take a little more effort to steer, other people might not. So, I mean, I don't even know how the average consumer is supposed to know whether they feel safe or not after a vehicle has been recalled.

Doesn't the company have some disclosure responsibility to say these things, at least these things could happen?

Ms. Barra. Yes, and we have done that, and that is a part of the letter that we send to the customer with we notify them of this issue, and then we provide information to the dealers as well.

Mr. Yarmuth. Okay. One final question.

We talk about and we are going to have the NHTSA representative here earlier. One of the things that you are not required to do is to provide warranty data proactively to the National Highway Traffic Safety Administration. Do you think that that is something that ought to be considered, that might be helpful? In this case, maybe dots could have been connected sooner if all that data had been --

Ms. Barra. I welcome the opportunity to look at what information that NHTSA would feel of value to submit.

Mr. Yarmuth. Thank you. I yield back.

Mr. Murphy. Thank the gentleman yields back.

I will now recognize Mr. Harper for 5 minutes.

Mr. Harper. Thank you, Mr. Chairman.

And to the family members that are here, our hearts indeed go out to you. And we will continue to get to the bottom of this.

And Ms. Barra, I know this is not the most enjoyable experience to go through this. But we are in a situation that, you know, we don't trust the company right now. And we have to get to the bottom of this. And so we want to continue to ask some questions.

If I can get you to refer to tab 28 in your binder. And I want to direct your attention to that email that is found at tab 28. In September of 2005, a few months after General Motors decided that there was not an acceptable business case to implement changes to the ignition switch, an engineering group

09-50026-reg Doc 13377-3 Filed 08/14/15 Entered 08/14/15 17:21:10 Exhibit 3

manager emailed Lori Queen and other GM personnel including Raymond DeGiorgio about proposed changes for model year 2008 ignition switch.

So this engineer obviously explains that a more robust ignition switch will not be implemented in model year 2008 vehicles because it appears that piece cost could not be offset with warranty savings. In his email he references "piece cost." Is that just the ignition switch?

Ms. Barra. Generally, when people refer to piece cost, they refer to the part.

Mr. Harper. So he is just referring to that ignition switch. That is a yes?

Ms. Barra. Again, I didn't write this note. But I am just telling you generally when people use the term "piece cost," that is what it means.

Mr. Harper. As he notes in that email, an increase of 90 cents; is that correct?

Ms. Barra. I am sorry?

Mr. Harper. Does the email say there would be an increase of 90 cents?

Ms. Barra. Yes, I see that?

Mr. Harper. And since the warranty offset was only 10 cents to 15 cents, GM didn't make the change.

Ms. Barra. And that is not something that I find acceptable. If there is a safety defect, there is not a business case, this

analysis is inappropriate.

Mr. Harper. And I appreciate that you don't find that acceptable. But that indeed is what happened here. Correct?

Ms. Barra. And that is -- exactly. And that is one piece of data as we go through the investigation as we put the pieces together we will take action. Because this is not the type of behavior that we want in our company today with our engineers today.

Mr. Harper. And understand, we are trying to go back and figure out what happened and understand that so we can indeed make sure as you do that this never happens to anyone else again.

Now Lori Queen, what was her position at the time?

Ms. Barra. 2005, I believe she was a vehicle line executive. But you can go back and confirm that.

Mr. Harper. If you would let us know, please.

How does cost factor into decisions about safety?

Ms. Barra. They don't.

Mr. Harper. Has --

Ms. Barra. But they --

Mr. Harper. Go ahead.

Ms. Barra. Again, I can only speak to the way that we are running the company. And if there is a safety issue, if there is a defect identified, we go fix the vehicle, fix the part, fix the system. It is not acceptable to have a cost put on a safety issue.

Mr. Harper. And that is obviously your position and your goal and the way you want it to be now, but that is not the case of what we are going back and looking at.

So you are telling us that General Motors has changed its position of how it handles costs and is safety issues. It hasn't been this way before, but this is how you want it now. Am I correct?

Ms. Barra. This is how it is, I think we in the past had more of a cost culture, and we are going to a customer culture that focuses on safety and quality.

Mr. Harper. When we go back and look at who first, who first authorized the use of an ignition switch that did not meet specifications.

Ms. Barra. And that is something we will learn in our investigation.

Mr. Harper. Now, one of the things that concerns us, of course, is when General Motors filed bankruptcy in 2009, it wasn't an overnight problem with money or with the loss of profits or losing money each year. In 2005, I know General Motors lost 10.6 billion; jump to 2007, lost 38.7 billion, 2008, lost 30.9 billion, and then filed for bankruptcy in 2009.

The fact that General Motors was going through many years of financial issues, did that impact how this was categorized and was not dealt with at that time as it should have been?

Ms. Barra. I can't answer that question. I want to know the

answer to that question, and when I do, I will take action.

Mr. Harper. You indicated earlier that a specific traffic death was not included in the count of fatalities that may have been associated with this issue, I would like to see other traffic deaths or serious injuries that were looked at but the determination was made that it was not part of this total. Can you get us that information?

Ms. Barra. Through our TREAD information, yes.

Mr. Harper. Will you get that for us?

Ms. Barra. Yes.

Mr. Harper. Thank you very much. I yield back.

Mr. Murphy. Gentleman yields back.

Now recognize Ms. Castor for 5 minutes.

Ms. Castor. Thank you.

Natasha Weigel, age 18, was killed October 24th, 2006 while riding in a 2005 Chevy Cobalt. Sarah Troutwine, age, 19 was killed on June 12th, 2009, after losing control of her 2005 Chevy Cobalt, and Allen Ray Floyd, age 26, was killed on July 3rd, 2009 after losing control of his 2006 Chevy Cobalt.

I understand that Ms. Weigel's parents and Ms. Troutwine's family are in attendance at the hearing today. Others have been killed because of GM's defective ignition switch. The fact is, we do not know yet the full extent of the fatalities, injuries, and accidents. But evidence is growing through this investigation and that in the press and hopefully your own investigation, that the

deaths could have been avoided if GM had addressed this issue long ago.

We know that GM knew about this problem as far back as 2001. The committee learned last week that the supplier of the faulty switch, Delphi, conducted tests, that year, 2001 which showed that the switch didn't meet GM's specifications. But GM used this switch in Cobalts and IONs and other vehicles anyway.

Ms. Barra, the committee sent you a letter about this issue. And documents were received yesterday that show that these inadequate switches were approved by GM in May 2002. I have a document here and it has been placed before you and it is at tab 54 in the binder as well. This document shows that the force required to turn the ignition switch was too low. That specification is clearly marked "not okay." Ms. Barra, does this document show that GM officials were aware that the ignition switch did not meet company standards in 2002?

Ms. Barra. If this document was provided to the engineers, again, that is something I will learn in our investigation.

Ms. Castor. Internally, GM knew there were problems. By 2004, they are considering ways to fix the problem by redesigning the faulty switch.

This document, which is also placed before you, this is at tab 8 in that notebook as well. From 2004, shows that GM did reject alternative designs. It mentions 1-year lead times and says, quote, the tooling costs and piece prices are too high. It

concludes, "Thus none of the solutions represents an acceptable business case."

Other documents present the piece-cost increase for a potential solution as 57 cents per unit. Ms. Barra, do you know who at GM would have made the decision about whether to make this change in 2004?

Ms. Barra. Well, first of all, I find that decision unacceptable, as I have stated. If there is a safety defect, the cost is not the issue that we look at. We look at what is going to take the fix the problem and make the vehicle safe. As we go through our investigation, we will put all the pieces together of incidents and actions that were taken or not taken over a more than and decade period and make the appropriate process changes.

Ms. Castor. So, in retrospect, do you think that a repair cost of 57 cents was too costly for GM to undertake?

Ms. Barra. Again, if we are making a decision on safety, we don't even look at costs. We make the change.

Ms. Castor. But there was a major disconnect between what GM told the public and what it knew in private. In private, GM approved the switch that it knew it was defective, and then the company appeared to reject other changes because of cost of 57 cents per fix was too high a price to pay.

Now also in 2005, the New York Times ran a review in which the author wrote about his wife encountering a problem account Chevy Cobalt. He, quote, said, "She was driving on a freeway when

the car just went dead. The only other thing besides a key on the ring was a remote control fob provided by GM. The GM spokesman at that time, Allen Adler, issued a statement saying, In rare cases, when a combination of factors is present, a Chevrolet Cobalt driver can cut power to the engine by inadvertently bumping the ignition key to the accessory or off position while the car is running. When this happens, the Cobalt is still controllable."

So I find it baffling that not only did GM know about this serious problem over a decade ago but that it was discussed on the pages of the New York Times. And when GM responded publicly, it essentially told drivers, no big deal. Engines cut off all the time.

When your engine suddenly cuts off when you are driving on the highway, would you consider this a safety issue?

Ms. Barra. Yes.

Ms. Castor. And you have indicated that you were not even aware that GM was investigating the Cobalts until December 2013; is that correct?

Ms. Barra. I was aware that there was analysis going on related to a Cobalt.

Ms. Castor. But at the time the New York Times wrote their report in 2005, what was your position?

Ms. Barra. In 2005, I believe I was in the manufacturing engineering organization of the company.

Ms. Castor. So you were a high-level executive at GM

responsible for vehicle manufacturing?

Ms. Barra. The equipment that we use to build vehicles.

Ms. Castor. And one of the Nation's largest newspapers raised the issue in this important new vehicle launch for GM and you did not know about it at the time?

Ms. Barra. I don't have a recollection of that article.

Ms. Castor. Do you recall it being a concern for GM?

Ms. Barra. I was not aware that this was this issue until the recall was introduced on January 31st. I only knew at the end of December that there was an issue with the Cobalt. I did not know it was an ignition switch issue.

Ms. Castor. Thank you, Mr. Chairman.

Mr. Murphy. Thank you.

That concludes our members, but I would like to see if Mr. Terry of Nebraska, who is the subcommittee chairman of Commerce, Manufacturing, and Trade would have an opportunity for 5 minutes. Is there any objection.

Mr. Terry. Thank you.

Mr. Murphy. Without objection, you may proceed Mr. Terry.

Mr. Terry. Thank you.

I appreciate this. And I am sorry for being late, but my plane was canceled for mechanical reasons, probably an ignition switch. USAir.

So, getting back to NHTSA. And I chair the subcommittee over jurisdiction with NHTSA and the TREAD Act. And the TREAD Act

clearly requires in the act manufacturers to inform NHTSA within 5 days of any, quote, "noncompliance or defects that create an unreasonable risk of safety."

Did GM at any time contact or notice NHTSA of any noncompliance or defects regarding the ignition switch?

Ms. Barra. That is something I hope to learn as we go through our investigation.

Mr. Terry. Okay. What is the difference between noncompliance and a defect?

Ms. Barra. It is a very broad question.

Mr. Terry. No. It is a very specific question.

Ms. Barra. I think it depends on the specific situation that you are talking about.

Mr. Terry. Regarding an ignition switch.

Ms. Barra. So your question is what is a noncompliant --

Mr. Terry. Yeah, a noncompliant ignition switch.

Ms. Barra. My understanding of when there is a noncompliance it is a very specific term used by NHTSA to standards.

Mr. Terry. Right.

Mr. Barra. But I can get you the specific definition of that, versus when we feel we have found a defect with one of our parts. That is my understanding.

Mr. Terry. And that is why it is "or." So when an ignition switch is substandard, it is noncompliant. And a defect, then, is a higher level. And I think that is what we are looking for here

today, is to determine if there was, quote, unquote, a "defect."

Ms. Barra. Congressman, I think in the language that we use with NHTSA there is very specific definitions. And I would like to provide those to you as opposed too --

Mr. Terry. I can get the definitions from NHTSA. I am not asking you to do that.

Ms. Barra. You are asking a very specific question related to this, and I am trying to be truthful.

Mr. Terry. Okay. But just all right, I am not trying to beat up on you here, but just repeating back NHTSA's definition, I am asking specifically how it applies to the ignition switch. And NHTSA's going to testify there was no notice.

Ms. Barra. I am sorry, I didn't hear. NHTSA is going --

Mr. Terry. My understanding is that NHTSA said that GM did not contact them of noncompliance.

Ms. Barra. If I find through our investigation that we did not provide the appropriate information to NHTSA, that will be a very serious issue and we will take --

Mr. Terry. Okay.

Ms. Barra. -- appropriate action with the individuals involved.

Mr. Terry. All right, thank you.

I yield back.

Mr. Murphy. The gentleman yields back.

I think there are no further questions.

Although, Ms. DeGette, you had a clarifying question?

Ms. DeGette. I just had two questions, Mr. Chairman. Thank you.

The first one is, I have been sitting here thinking about these new ignition switches that you are putting into the recalled cars. They are based on the 2006 specs. But what you are saying, Ms. Barra, is that they are going to meet the highest safety standards when they are manufactured; is that right?

Ms. Barra. Our engineering team is going through extensive validation testing to make sure that they meet the requirements.

Ms. DeGette. And, on the component technical specification, it is tab 53 of your notebook, which was December 6, 2012, it says, The minimum torque required by the switch on the return side of the ignition switch, from crank to the run position must be 15 N-CM. So would that be the standard, then, since it says it must be that?

Ms. Barra. From the position of run to accessory?

Ms. DeGette. Yes.

Ms. Barra. Fifteen is the minimum. The spec is 20 plus --

Ms. GeGette. Right.

Ms. Barra. -- or minus five.

Ms. DeGette. But yeah okay.

And my final question is, I am impressed, this committee has had experience with Kenneth Feinberg before. Because he was appointed to help administer the fund that was set up by BP after

Deepwater Horizon, which was this committee's investigation. He was also appointed to administer the fund after the Boston Marathon terrorist attacks.

But I want to make sure that what you are doing when you hire him is you are really doing something. Because he is usually hired to sort out the value of people's claims. And then assign money. And I am assuming GM's hiring him to help identify the size of claims and then help compensate the victims; is that right? Is GM willing to put together some kind of a compensation fund for these victims that Mr. Feinberg will then administer? Is that why you have hired him?

Ms. Barra. We have hired Mr. Feinberg to help us assess the situation. We understand --

Ms. DeGette. So really there is no money involved in this at this point?

Ms. Barra. We have just hired him and will begin work with him on Friday.

Ms. DeGette. So really you hired him, you announced it today. But so far he has not being given any ability to compensate victims; is that what you are saying?

Ms. Barra. We are going to work with him to determine what the right course of action is.

Ms. DeGette. And might that include victim compensation here?

Ms. Barra. We haven't made any decisions on that yet.

Ms. <u>DeGette.</u> Okay.

Thank you so much, Mr. Chairman.

Mr. <u>Murphy.</u> Thank you, Ms. Barra. We thank you for your time today. GM has cooperated with this investigation, and we expect your company will continue to cooperate. Let me make a couple requests. One is, members will have other questions for you, and we hope that you respond to those within a timely manner. We also plan to conduct interviews, further interviews with General Motors officials and employees involved in the recalled part and maybe requesting more records. Will you make sure you make those available to us?

Ms. <u>Barra.</u> We will absolutely cooperate.

Mr. <u>Murphy.</u> Thank you.

And also on behalf of Chairman Upton and I, we would also like to be notified when you get your internal report and would like to discuss with you a chance to review that report as well.

Ms. <u>Barra.</u> We will notify you.

Mr. <u>Murphy.</u> Thank you very much.

I thank you, Ms. Barra. You will be dismissed.

But while this is taking place and waiting for Mr. Friedman to sit down, we are going to take a 5-minute break to allow Mr. Friedman to take his seat, and we will reconvene this hearing in 5 minutes. Thank you.

[Recess.]

Mr. <u>Murphy.</u> Thank you. This hearing of the Oversight and

Investigation Subcommittee on Energy and Commerce will now continue with our second witness.

Mr. David Friedman has served as an acting administrator of the National Highway Traffic Safety Administration since January 18th, 2014. He was sworn in as deputy administrator on May 15th, 2013. Before becoming NHTSA's, which is the National Highway Traffic Administration's, deputy administrator, Mr. Friedman worked for 12 years at the Union of Concerned Scientists as a Senior Engineer, Research Director, and as the Deputy Director of the Clean Vehicles Program.

I'll now swear in the witness.

Mr. Friedman, you are aware that the committee is holding an investigative hearing, and when doing so, has a practice of taking testimony under oath. Do you have any objections to testifying under oath?

Mr. Friedman. I do not.

Mr. Murphy. Thank you.

The chair then advises you under that under the rules of the House and the rules of the committee, you are entitled to be advised by counsel. Do you desire to be advised by counsel during your testimony today?

Mr. Friedman. I do not.

Mr. Murphy. In that case, would you please rise and raise your right hand.

[Witness sworn.]

Mr. Murphy. Let the record show the witness is now under oath and subject to the penalties set forth on Title 18, Section 1001 of the United States Code.

Mr. Friedman, you may now give a 5-minute summary of your written statement.

TESTIMONY OF DAVID FRIEDMAN, ACTING ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Mr. Friedman. Chairman Murphy, Ranking Member DeGette, and members of the committee, thank you for the opportunity to testify before you today.

To begin, I would like to say that on behalf of everyone at NHTSA, we are deeply saddened by the lives lost in crashes involving the General Motors' ignition switch defect. The victims' families and friends some of whom I believe are here today, have suffered greatly, and I am deeply sorry for their loss.

Safety is NHTSA's top priority, and our employees go to work every day trying to prevent tragedies like these. Our work reducing dangerous behaviors behind the wheel, improving the safety of vehicles, and addressing safety defects has helped reduce highway fatalities to historic lows not seen since 1950.

In the case of the recently recalled General Motors vehicles, we are first, focused on ensuring that General Motors identifies all vehicles with a defective ignition switch, fixes the vehicles quickly, and is doing all it can to inform consumers on how to keep themselves safe.

We are also investigating whether General Motors met its responsibilities to report and address this defect as required

under federal law. If it failed to do so, we will hold General Motors accountable, as we have in other cases over the last 5 years, which have led to record fines on automakers.

Internally at NHTSA and the department, we have already begun a review of our actions and assumptions in this case to further our ability to address potential defects. Today I will share what I have learned so far.

NHTSA used consumer complaints and early warning data, three special crash investigations on the Cobalt, industry websites, and agency expertise on airbag technology. Some of that information did raise concerns about airbag non-deployments. So in 2007, we convened an expert panel to review the data. Our consumer complaint data on injury crashes with airbag non-deployments showed that neither the Cobalt nor the ION stood out when compared to other vehicles.

The two special crash investigation reports we reviewed at the time were inconclusive on the cause of non-deployment. The reports noted that the airbags did not deploy and the power mode was in accessory. But these crashes involved unbelted occupants and off-road conditions that began with relatively small collisions where, by design, airbags are less likely to deploy in order to avoid doing more harm than good. Further, power loss is not uncommon in crashes where airbags deploy and did not stand out as a reason for non-deployment. In light of these factors, NHTSA did not launch a formal investigation.

We continued monitoring the data and in 2010 found that the related consumer complaint rate for the Cobalt had decreased by nearly half since the 2007 review. Based on our engineering expertise and our process, the data available to NHTSA at the time was not sufficient to warrant a formal investigation.

So what does all this mean? It means that NHTSA was concerned and engaged on this issue. This was a difficult case where we used tools and expertise that over the last decade have successfully resulted in 1,299 recalls, including 35 recalls on airbag non-deployments. These tools and expertise have served us well, and we will continue to rely on and improve them. For example, we have already invested in advanced computer tools to improve our ability to spot defects and trends, and we are planning to expand that effort. But what we know now, also means that we need to challenge our assumptions, we need to look at how we handle difficult cases like this going forward.

So we are looking to better understand how manufacturers deal with power loss and airbags. We are also considering ways to improve the use of crash investigations in identifying defects. We are reviewing ways to address what appear to be remote defect possibilities. And we are evaluating our approach to engaging manufacturers in all stages of our defects process. Between these efforts and those of the department's inspector general, I know that we will continue to improve our ability to identify vehicle defects and ensure that they are fixed.

But I want to close on one important note. Our ability to find defects also requires automakers to act in good faith and to provide information on time. General Motors has now provided new information definitively linking airbag non-deployment to faulty ignition switches. Identifying the parts change and indicating potentially critical supplier conversations on airbags. Had this information been available earlier, it would have likely changed NHTSA's approach to this issue. But let me be clear, both NHTSA and the auto industry as a whole must look to improve.

Mr. Chairman, Ranking Member DeGette, I greatly appreciate the opportunity to testify before you today. Thank you.

[The prepared statement of Mr. Friedman follows:]

******** INSERT 3-1 ********

Mr. Murphy. Thank you.

Now recognize myself for 5 minutes.

Now Mr. Friedman, with the understanding you just got in this position of acting administrator just a couple months ago. And for the last 12 years, you were involved in other groups that focused on green energy and fuel cell technology. We understand if you are unable or uncomfortable asking specific questions about automobile engineering and safety, you are more than welcome to ask someone else, some of your support staff behind you.

So, I wanted to find out how NHTSA is communicating to the public about this recall. And I believe I have a slide available, or I have a poster here. I went to your website to see what I could learn.

And do we have that image available about this? And what it shows -- this is all. This is all I could find on your website about the recall notice. No information about the broader recalls, about parts replacement, investigation, or anything. I can't even click on this. It simply says, get rid of your car key fobs. But there is nothing else a person could do.

Can you fix the website so people could use to it get more useful information, please?

Mr. Friedman. Congressman, if there is added information that should be on there to make sure that people can get to the information available on our website, we will take those steps. Right now, consumers can go to our website and get all of the

details associated with this recall. If they go to that "search" button and select the 2005 Cobalt.

Mr. Murphy. Just to make it easier, because no one trusts government websites --

Mr. Friedman. -- links right there, sir, absolutely.

Mr. Murphy. In 2007, the chief of NHTSA's Defect Assessment Division proposed opening an investigation of airbag non-deployment to the Chevy Cobalts. Am I correct about that date?

Mr. Friedman. Yes.

Mr. Murphy. Now, if you turn to tab 19 in your binder, it is labeled as the DAD Panel for November 15, 2007.

This is the PowerPoint presentation made to the Defect Assessment Panel on November 15th. At Bates stamp 4474, those little numbers at the bottom of the page, the presentation states that there have been 29 complaints about the Cobalt airbags, four fatal crashes, and 14 field reports; is that correct?

Mr. Friedman. That sounds correct.

Mr. Murphy. At Bates stamp 4480, there is a chart of airbag warranty claims for Cobalt airbags as compared to other comparable vehicles. Do you agree that the number of warranty claims for Cobalt airbags is much higher than other cars?

Mr. Friedman. Congressman, Mr. Chairman, that is one of the issues that did raise concerns on our part. What that chart shows is warranty claims, some of which are likely associated with

airbag non-deployments, some of which may also and are very likely to be associated with warning lights on airbags or other potential problems.

This is a gross look at the data, and important look at the data that is provided by our early warning data system that we use to decide whether or not we need to look further into one of these issues, which is what we did do in this case.

Mr. Murphy. But still NHTSA panel decided there was not a trend here and decided not to investigate, despite the number of complaints, the fatal crashes, and the warranty claims. Why was NHTSA convinced that an investigation was not warranted? I believe this happened on two occasions.

NHTSA decided twice, don't move forward with an investigation. What specific information did you have that said don't go forward?

Mr. Friedman. Mr. Chairman, when we look at these cases and when they looked at this case at the time, they look at the whole body of information. You can't just rely necessarily on one piece of information. The core pieces of information that they relied on in the determination there wasn't sufficient enough information.

First was an analysis of the complaints, the injury crash complaints associated with airbag non-deployment and the exposure, the number of those divided by the number of vehicles that were on the road and the number of years they were on the road. That

gives you a sense of how large the problem is in comparison to other vehicles.

When the team did that comparison, the Cobalt did not stand out. It was a little bit above average, but there were several vehicles that were significantly higher, there were some vehicles that --

Mr. Murphy. I understand. But twice, employees of NHTSA, raised a red flag on this. It wasn't just once. A second time too they said something is not right here.

So I am wondering if you did something different when that occurred the second time in reviewing it.

And such as, did anybody ask questions of why an airbag doesn't deploy? I mean, I looked at the statements there and had a number of things about power losses or how much longer battery power would be involved on an airbag deployment in case of an accident.

But did anybody ask a question, was there anything else, any other reason why an airbag wouldn't deploy, within NHTSA? Did anybody ask those questions.

Mr. Friedman. Mr. Chairman, my understanding is folks were trying to understand why the airbags did not deploy. When they looked at the special crash investigations in 2007, as well as the data available, those special crash investigations were inconclusive. Why? Because they indicated that these crashes were happening in off-road conditions with unbelted occupants.

Mr. Murphy. I understand. I am looking at reasons why airbags wouldn't deploy. And so you were talking among yourselves, according to what we understand, the PowerPoints.

What specifically did NHTSA ask GM? For example, and this is very important: Did NHTSA raise a question with GM, tell us the reasons why an airbag would not deploy in one of your cars? Did you ask GM that question?

Mr. Friedman. I don't have a record of that. I know our team did bring up concerns over this case to General Motors in a meeting, but I don't have records of us asking that specific question.

Mr. Murphy. I mean, it is important, because you are saying GM didn't provide you information. But you are also saying you don't know if you asked them for the information. I mean, it is important for the families to know what happened and if this key government agency which is tasked with protecting the safety of the public. I just want to know if those kinds of questions get asked?

Mr. Friedman. Mr. Chairman, those kind of questions typically do get asked of the car companies when we move into the investigation phase.

What this phase and where this was, was a phase where concerns are raised and it is discussed whether or not there is sufficient information to move to the point of asking those questions of automakers. Roughly in these defects panels, roughly

half of the cases that are brought up are brought into investigations, roughly half are not.

One of the things that we are looking at relative to this process going forward is, do we need to make any changes when it comes to how we present this information and when we present our concerns to automakers. I do believe that there are some changes that we can make to engage automakers earlier in the process to put them in the position of letting us know if our concerns are shared by them and if they --

Mr. Murphy. Certainly I know the family members would want to know in retrospect what would you change in this whole process. But I am out of time.

I now recognize Ms. DeGette for 5 minutes.

Ms. DeGette. Thank you, Mr. Chairman.

Mr. Friedman, NHTSA investigated airbag non-deployment. But as you talked about, it was never able to connect the dots between that problem and the defective ignition switch.

So what I want to know is, if NHTSA had the relevant information it needed to make a fully informed determination and what the agency believed about the connection between the ignition switch position and airbag non-deployment during the time of its special crash investigations?

In your written testimony, you know that when NHTSA was investigating the airbag non-deployment issue, the agency mistakenly believed based on GM's service literature that the

airbags would function up to 60 seconds after the power cut off.

Why did NHTSA think that?

Mr. Friedman. Thank you, Ranking Member.

That knowledge was actually based on years of experience and previous experience with earlier airbags where there was actually a problem, where airbags would go off long after the vehicle was turned off.

Ms. DeGette. And --

Mr. Friedman. Airbag systems have capacitors in them, and those capacitors are designed to store energy, so that if power is lost, the airbag can still deploy. Because power is often lost some of these kinds of crashes.

Ms. DeGette. But that is based on the GM service literature or the agency's experience or both?

Mr. Friedman. That is a very important question.

Ms. DeGette. Right.

Mr. Friedman. My understanding is that was based on the agency's experience. My understanding is -- and I apologize if I was not clear enough in my testimony. We have since, after General Motors made this recall, found that service information that confirmed our understanding at the time, which was that airbags are designed to be powered when the power is lost. So a power loss would not typically stand out --

Ms. DeGette. So okay. So you were base -- so NHTSA was base -- you weren't there -- but NHTSA was basing its

determination on its experience. How is that, then, that it failed to connect the dots between the airbag non-deployment problem and it ignition switch problem?

Mr. Friedman. I believe there is two situations here.

First of all, the information we had at the time indicated that, you know, there were two possibilities put in front us in one of the special crash investigation reports. One of them was that the ignition being off could have been a cause. Another one was that the circumstances of the crash could have been the cause.

In those two cases, the more likely scenario was that the circumstances of the crash were more likely to yield to the airbags not deploying.

Ms. DeGette. So you also said that GM had critical information that would have helped identify this defect that NHTSA didn't have. What information could GM have given you that the agency -- that would have helped identify the real problem?

Mr. Friedman. Well, I made that statement based on looking at the chronology that General Motors provided with this recall.

Ms. DeGette. Okay.

Mr. Friedman. And there were at least a few things, in that chronology that raised serious concerns for me.

Ms. DeGette. And what were those things?

Mr. Friedman. The first was that there was a change in part number relative to the ignition switch, and we were never informed of that change.

The second is that there were some conversations with suppliers about their control algorithm, the control systems for airbags. We were never informed of that conversation, to my knowledge. And we did not have the details on how those algorithms worked.

Third, and most importantly, General Motors created a direct connection in their recall between the airbag non-deployment and the ignition switch. If we had any of those pieces of information, I truly believe it would have changed the way NHTSA would have approached this.

Ms. DeGette. Now, if GM is changing a part, are they legally required to inform NHTSA of that change?

Mr. Friedman. It is not clear to me that that is a legal requirement. But I can get back to you to make sure.

Ms. DeGette. I would appreciate it. Because it seems to me that is critical.

Now, in your opening statement, you said that in order for NHTSA to be able to make a correct determination, you need all of the information, as you just said. And you need it company to be acting in good faith.

Based on what you know now, do you think that at the time that all of this was happening GM was acting in good faith towards the agency?

Mr. Friedman. Congresswoman, we have an open investigation to answer that exact question. And if we find out that they were

not, we will hold them accountable.

Ms. DeGette. And I would hope that you would inform this committee, irrespective of your determination, whether they did or didn't.

Mr. Friedman. Absolutely.

Ms. DeGette. When do you expect to finish that investigation?

Mr. Friedman. I can't put an exact timeline on it. We are getting hundreds of thousands of documents from General Motors. The deadline is April 3rd for them to provide those documents. It is not clear that they will be able to provide all the documents at the time.

But we have been making sure that they are continuously producing documents so that we can understand. As soon as my team is able to find information in those documents that indicate that General Motors had information that they should have acted on sooner, we will determine how to move forward to hold General Motors accountable; or, if we don't find that information, then we will also let you know.

Ms. DeGette. Thank you.

Mr. Murphy. Gentlelady yields back.

With regard to Ms. DeGette's question about if there is a change in a part, do they need to notify you. Will you also let us know if they make a change in a part, do they also have to have a different part number? I don't know what NHTSA's requirements

are on that. That is an issue. Just you can submit that for the record.

Mr. Friedman. I will go back to you to be clear.

Mr. Murphy. We also need to know what information you were reviewing with regard to these airbags, GM cars or specific to the Cobalt. And would you please provide that information to the committee.

Mr. Friedman. Mr. Chairman, I believe we provided a significant amount of documentation, but we will continue to do so.

Mr. Murphy. On this, we would like to know what you are viewing.

RPTS KERR

DCMN SECKMAN

[5:05 p.m.]

Mr. Murphy. Unless -- we would like to know what you are reviewing.

Now recognize the chairman of the full committee, Mr. Upton, 5 minutes.

The Chairman. Well, thank you, Mr. Chairman, and I just want to -- I know you are, as well as our committee, is literally, we are looking through boxes of information, thousands and thousands of pages. And that continues and looks like we will be getting some more down the road.

Well, as you know, I wrote the TREAD Act, which passed unanimously in the Congress. President Clinton signed it into law, and the whole point or a major point of that law was that NHTSA would in fact get the information that it needed to detect a trend as quickly as they could. So when NHTSA considered whether to investigate the Cobalt for an air bag defect back in 2007, the early warning data was one of the factors that was cited in the Defect Assessment Division's recommendation to investigate it, correct?

Mr. Friedman. That is correct.

The Chairman. So what was -- looking back, what is -- what is the problem? Did GM not report the information that the law

required? Or was NHTSA unable to sort through the information that it had to find the problem or both?

Mr. Friedman. Congressman, we have an open investigation to determine whether or not General Motors failed in their responsibility to provide information, and we will definitely report to this committee the results of that effort.

In terms of what our team did. Our team looked at all the available information using the approach that we have used successfully to lead to over 1,299 recalls influenced by NHTSA over the last 10 years. We use that process to look into the early warning data, to look at the consumer complaint data, to look at special crash investigations, and a variety of other information.

We dug into that data. We analyzed it. We tried to see if there was a defect trend that stood out. The data didn't support that. It showed that the Cobalt did not stand out when it came to air bag nondeployments.

We looked at the special crash investigations. Those available at the time were inconclusive. This was a case where the team worked very hard to try to understand what was happening and wasn't able to see a significant enough trend or a clear enough defect.

What I am learning from this and where we have to go in the future is we need to look more carefully at remote defect possibilities. We need to reconsider the way we are using special

crash investigations. We need to continue to invest in tools. We are already investing in computer tools basically grown out of the Watson IBM software to be able to more effectively, more efficiently use our resources to spot trends. We've got to put all these tools forward, and we've got to look for opportunities to make changes, look in better spots that --

The Chairman. So, as you look to embark on an investigation, do you consider the number of deaths? I mean, is there some trigger that you use to warn further exploration, whether it is 1 death, 4 deaths, 10 deaths, 20, 100, I mean, is there some type of standard equation that you put into place?

Mr. Friedman. Congressman, there is not. Our goal, what I would love to be able to do is to find each and every one of these defects before there's a single death. It is the manufacturer's responsibility to be reporting all of these defects and getting them fixed. When they do not, it is our job to try to find them. We don't have a simple rule-of-thumb because each case is different. In some cases, we have opened investigations after one incident where it was clear that it was a defect. In other cases, we have had to rely on the trend data that indicates that this stands out. I can't give you a specific --

The Chairman. So let's play Monday morning quarterback. So, today is April 1st, 2014. These problems arose over the last 10 years. What would you have liked to have had on your platter from GM specifically in terms of information today that you didn't

have in the last 8 or 10 years?

Mr. Friedman. Well, at a minimum, what I can tell you, based on their chronology, I would have liked to have had information that they had changed the parts on the ignition switch. I would have liked to have had information that they were talking to their suppliers, because they appear to have had concerns about the algorithm associated with air bag nondeployments. I would have certainly liked to have any information they had directly linking the ignition switch defect to air bag nondeployments. As we go through our investigation, I should be able to come back to you and let you know if there is additional information they should have had --

The Chairman. And are you pretty certain that today that they did not provide that information to you?

Mr. Friedman. It is my understanding that none of that information was available. We are continuing our efforts to try to make sure that we understand what happened, so I can't say that I can give you a comprehensive and definitive answer, but my understanding at this point is that, no, we did not have that information.

The Chairman. I know Mr. Long wanted my last 15 seconds, so I -- that is now gone.

I yield back.

Mr. Long. Thank you, Mr. Chairman.

I will have my friend Mr. Terry here assist me, and the

chairman of the committee here -- subcommittee showed you this picture awhile ago and said he couldn't navigate past this page, and you said that if any new information became available to you, that you would get that on the Web site.

Something we learned in the first hearing that I think is very germane is that if you will take your car to General Motors, they will give you a loaner at no cost or a rental car at no cost. I would call that very germane. I would call it critical, and if somebody has got an 2005, 2006, 2007, I think it would be enticing to drive a 2014 for a little while they repair your car, so that would be a suggestion to put on there.

I yield back.

Mr. Murphy. Thank you.

I might note to the gentleman, I received a call from one of my constituents who said he has tried to get a loaner car, and the dealer told him he couldn't have one, too.

Ms. DeGette. One more thing, too, you could put on there is take all your keys off the key ring except for the ignition key. That is the other thing Ms. Barra said. Is that on there?

Mr. Friedman. I believe that is very clearly on there. In fact, just to be clear, the reason why we did that is because safety is our top priority. We are all focused on investigating this case, but safety, safety is our top priority, which is why the first thing I wanted people to see when they came to that Web site was how to keep themselves safe. So I do just want to be

clear, that is why we have that limited information there because I didn't want anyone out there who came to our Web site not to understand the steps how to keep themselves safe. I agree it is a good idea to put on there -- I will have to see if we can fit it in the space we've got, or if there is another way to point people to it, but I agree it is a good idea to let them know that --

Mr. Murphy. People need to know if it is safe to drive their current cars.

Mr. Dingell, you are now recognized for 5 minutes.

Mr. Dingell. Mr. Chairman, I thank you.

Mr. Friedman, let's look at NHTSA's internal decisionmaking processes. These questions will require a yes or no answer.

Is it correct that contractors for NHTSA's special crash investigations program conducted three separate investigations of Chevy Cobalt in 2005, 2006, and 2009 related to air bag nondeployment?

Mr. Friedman. Yes, that is correct

Mr. Dingell. Now, is it correct that NHTSA's Office of Defects Investigation reviews early warning reporting data and consumer complaints in deciding whether to open a formal defect investigation?

Mr. Friedman. Yes, those are parts of the process.

Mr. Dingell. Now, is it correct that GM submitted EWR data to NHTSA concerning Chevrolet Cobalts, subject to NHTSA's 2005 and 2006 special crash investigation? Yes, or no.

Mr. Friedman. I'm sorry, sir. Could you repeat that, please?

Mr. Dingell. I'll give it to you again. Is it correct that GM submitted EWR data to NHTSA concerning Chevrolet Cobalt, subject to NHTSA's 2005 and 2006 special crash investigation?

Mr. Friedman. Yes, that's correct. Those are important bits of our investigation.

Mr. Dingell. Now, is it correct that the Office of Defects Investigation, ODI, follows a multistep process in order to determine whether a defect exists in the vehicle? Yes or no.

Mr. Friedman. Yes

Mr. Dingell. Now, and that process includes an initial evaluation, a preliminary evaluation, and an engineering analysis. Is that correct?

Mr. Friedman. Yes, that is the standard process, but we will act earlier in that stage if we have compelling information that there's a defect. We do not wait necessarily to go through that whole process if we have sufficient information to act on.

Mr. Dingell. All right. Now, let's clarify something. NHTSA's Special Crash Investigation program is something separate and distinct from the formal ODI investigations process. Is that correct?

Mr. Friedman. That is correct

Mr. Dingell. Now, is it correct that the Office of Defects Investigation convened an initial evaluation panel in 2007 to

investigate the nondeployment of air bags in the 2003, 2006 Chevy Cobalts and Ions, yes or no?

Mr. Friedman. That is correct

Mr. Dingell. Now, is it correct that the review was prompted by 29 consumer complaints, 4 fatal crashes, and 14 field reports?

Mr. Friedman. That was one of the reasons for the review. The additional --

Mr. Dingell. What were the other reasons?

Mr. Friedman. In addition, we were looking at consumer complaints. Those complaints raised concerns as well, and I can get back to you on the record with each of the pieces of information that were involved, but we do have a memo that was provided when this -- when it was proposed to potentially move this to a defect that lays out early warning data, consumer complaint data concern on the record, special crash investigation --

Mr. Dingell. Would you submit that for the record, please?

Mr. Friedman. Yes.

Mr. Dingell. Now, were there other things that triggered this review?

Mr. Friedman. My understanding is it was all the items in that memo was the information that triggered this review.

Mr. Dingell. So there weren't other things.

Now, is it correct that ODI decided not to elevate that review to a more formal investigation because there was a lack of

discernible trend, yes or no?

Mr. Friedman. Yes, that was one of the reasons.

Mr. Dingell. What were the other reasons?

Mr. Friedman. The other reason is that the crash investigation information we had was inconclusive and did not -- was not able to point to a specific defect.

Mr. Dingell. All right. Now, to be clear, at the time of the 2000 initial evaluation, NHTSA had concluded that the Chevy Cobalt was not over representative compared to other peer vehicles with respect to injury crash incident rates. Is that correct?

Mr. Friedman. That's correct.

Mr. Dingell. Is there any other reason?

Mr. Friedman. Was there any -- the other --

Mr. Dingell. Was there any other reason that you came to that conclusion?

Mr. Friedman. In 2007.

Mr. Dingell. Now, also to be clear, NHTSA did not have information at the time of the 2007 investigation that, for example, linked air bag nondeployment to ignition switch position. Is that correct?

Mr. Friedman. We do not have any specific information that provided a direct link.

Mr. Dingell. So you are agreeing?

Mr. Friedman. I believe so.

Mr. Dingell. Okay. Now, Mr. Chairman, I am troubled here.

It appears that we have a flaw in NHTSA's decisionmaking process which is related to defects and their inquiries into defects. I fully recognize, and I am like most of the members of this committee, I think, critical of the fact that NHTSA is short staffed and underfunded. At the same time, I am compelled to agree with Acting Administrator Friedman that Congress may need to examine the usual -- use of special crash investigations in the defect screening process, how best to get NHTSA the information it needs for that process, and how best to engage manufacturers around issue evaluations. In so doing, I think we will help to better ensure the safety of American motorists and their families.

And I yield back the balance of my time.

Mr. Murphy. The gentleman yields back.

Now recognize Dr. Gingrey from Georgia for 5 minutes.

Dr. Gingrey. Mr. Chairman, thank you.

Mr. Friedman, in your written testimony, you suggested that NHTSA, your agency, did not pursue investigations into the issues with Cobalts and Ions because they were unaware of information developed by General Motors. In the years leading up to this recall, has NHTSA had any concerns with General Motors' responsiveness or lack thereof to safety defects and concerns?

Mr. Friedman. Congressman, I would like to get back to you on the record with that just to defer.

Dr. Gingrey. Let me do this. You may not have to do that. Just look at tab 34. It is right there in front of you. In

July 2013, the head of ODI emailed General Motors with a number of concerns. It is the second page, bottom of the second page, sent to Carmen. You see you where I am -- you with me?

Mr. Friedman. I have not seen this before, but yes, I see it.

Dr. Gingrey. Okay. You want to read that first paragraph and then look -- look up and I will know that you have read it?

Mr. Friedman. Yes

Dr. Gingrey. He stated, The general perception is that General Motors is slow to communicate, slow to act and, at times, requires additional efforts of ODI that we do not feel is necessary with some of your peers. You read that, didn't you?

Mr. Friedman. Yes

Dr. Gingrey. Were you aware of the concerns raised by ODI, and I guess that was July 2013?

Mr. Friedman. I was not aware of this specific email, but I have been in at least one meeting where we sat down with General Motors and made clear to them that they needed to make sure that they were following an effective process when it came to their recalls.

Dr. Gingrey. So there was definitely some concern.

Mr. Friedman. Well, we -- with each and every automaker, we need to make sure that they have a good and effective process to quickly deal with this. This email clearly indicates some very specific concerns.

Dr. Gingrey. Did the agency have similar concerns in 2007, 2010, when it declined to advance any investigations into nondeployment of air bags in these GM vehicles?

Mr. Friedman. I don't know

Dr. Gingrey. You weren't with NHTSA at the time?

Mr. Friedman. No. I joined NHTSA back last year, I have been there for almost a year now.

Dr. Gingrey. Do you think NHTSA did enough to get the information that it needed?

Mr. Friedman. I believe in this case that the team looked very clearly and very carefully at the data. I believe that the reason why we didn't move forward was because the data indicated that the Cobalts didn't stand out and that we didn't have conclusive -- we didn't have conclusive information as to a very specific intent.

Dr. Gingrey. Well, you know, in 2005, GM issued this technical services bulletin -- and that's tab 12, if you want to flip quickly to tab 12 of your document binder -- this technical service bulletin to its dealers, and it recommended a solution for complaints of this inadvertent key turn due to the low torque, particularly by these Chevrolet Cobalts. The technical services bulletin instructed the dealers exactly what to do to provide an insert that converted a key from a slot design to a hold design. I don't know exactly what that means, but they do. General Motors believed that this would help reduce the force exerted on the

ignition while driving from maybe shaking of the keys or bumping it with your knee.

In 2006, the technical services bulletin was expanded to include additional make and model years. Unfortunately, in the case of this young girl, 29-year old Brooke Melton, a nurse from my congressional district that was killed the day after she took her car in, saying, Hey, this engine is cutting off for no reason. And, you know, I know they must have gotten the technical service bulletin about this issue, but all they did was clean out a fuel line, gave her the car the next day, and led her to her death.

Administrator Friedman, yes or no, was NHTSA aware of General Motors' 2005, 2006 technical services bulletins related to low ignition key cylinder torque effect?

Mr. Friedman. Mr. Gingrey, first, if I may, Brooke's death was a tragedy. And it's a tragedy that we work each and every day to avoid. I do believe we were aware, as part of our efforts and as part of the special crash investigation, that we were aware of that technical service bulletin. At the time, that technical service bulletin would not have been seen as being associated with air bag nondeployment.

Dr. Gingrey. Yeah. Listen, I believe you, Mr. Friedman, I believe you, and you know, obviously, when people are driving impaired or texting or emailing or whatever, and you know, they don't change the oil when they should and their tires are low and the brakes are worn out, you know, there's some responsibility,

some personal responsibility. But when they're doing everything the right way and they take their car in, and you know, they think that -- they trust the service department of the local dealership and they get a situation like this, I mean, you can understand why -- she's gone, but her parents, obviously -- and all these parents, these families are just irate because the expectation, if they're doing the right thing, they ought to be safe.

Mr. Friedman. Congressman, I completely understand, and I would actually argue that consumers should expect that their cars should function as they're designed no matter the cause of the crash.

Dr. Gingrey. Absolutely. Thank you, Mr. Friedman.

I yield back.

Mr. Murphy. I venture to say that they would assume the car keys don't have to be monitored --

Mr. Friedman. Correct.

Mr. Murphy. -- and checked.

Mr. Murphy. Mr. Green, you are recognized for 5 minutes.

Mr. Green. Thank you, Mr. Chairman.

Mr. Friedman, thank you for appearing today. NHTSA has a central role for consumer safety, and I would like to understand better how long it took for NHTSA to identify this fault. In your opinion, how did NHTSA not identify the deadly trend.

Mr. Friedman. Congressman, when our team looked at the data, the trend did not -- there was not a trend that stuck out. In

fact, when it came to air bag nondeployments, the Cobalt was not an outlier.

Mr. Green. Was it -- was GM forthcoming with their data?

Mr. Friedman. Well, that's the exact question and that's the exact reason why we have an open investigation to them. I do have concerns about the parts change, about conversations they had with suppliers, and any of their information they may have had, which is exactly why we opened up an investigation to them, and if they did not follow the law in their requirements to get information to us and to respond quickly, we're going to hold them accountable as we have with many other automakers.

Mr. Green. Okay. Earlier this month, the New York Times reported on NHTSA's response to the consumer complaints over the years about ignition switch issues used for the recalled vehicles. According to the Times, many of the complaints detailed frightening scenes which moving cars suddenly stalled at high speeds on highways, in the middle of city traffic and while crossing railroad tracks. A number of the complaints warned of catastrophic consequences if something was not done. NHTSA received more than 260 of these consumer complaints over the past 11 years about GM vehicles suddenly turning off while driving, but it never once opened an effective investigation with the ignition issue -- switch issue. If consumers submitted these complaints to NHTSA, many were met with a quote of just silence.

Mr. Friedman, Mary Ruddy's daughter died in a crash involving

a 2005 Cobalt. Ms. Ruddy has repeatedly tried to contact NHTSA for information but has only received form letters. She told the New York Times that, quote, I just want to hear -- someone to hear from me. We've had no closure. We still have no answers. Ms. Ruddy was -- I don't know if she's still here today, but she was in the audience. Has NHTSA been in contact with Ms. Ruddy?

Mr. Friedman. Mr. Congressman, my understanding of what happened with Ms. Ruddy -- well, first of all, Ms. Ruddy deserves answers, and that is exactly why we are looking into what GM did. That is exactly why we are making sure we understand what happened. What she has been through, it is a tragedy, and we've got to work to make sure that those don't happen again.

In terms of my understanding of Ms. Ruddy's contacts with NHTSA, those contacts were made through our complaint system. In those complaint systems, as we do note on the Web site, we do not necessarily respond to all of those complaints because what we are doing with those complaints is we are looking for potential problems, and if those complaints don't contain sufficient information, if we have questions about them, we do follow up with consumers. But if they have the information we need, we do not, because the goal of those complaint databases is to try to find problems.

In this case, my understanding is Ms. Ruddy provided those complaints after being notified of a recall that NHTSA did influence. We got the Cobalt recalled.

Mr. Green. I only have 5 minutes, but do you -- did NHTSA really receive 260 consumer complaints over 11 years about this automatic shutdown of your engines?

Mr. Friedman. I don't have that exact number, but what I do know is that at NHTSA, we -- human eyes look at every single one of these complaints to try to find out if there is something that stands out. My understanding of the complaints you are referencing are that they were for stalls and that only a very small number of them were related to air bag nondeployments. What we were looking for --

Mr. Green. I know but 260 complaints on the car stopping.

Mr. Friedman. Right.

Mr. Green. On the freeway or wherever it's at. I don't know if that is a high number or a low number over, you know, 11 years, but you might need to have somebody or who actually looks at complaints, and I assume they come from different parts of the country, so somebody identifies and said, Hey, we need to focus on these 260 complaints.

Mr. Friedman. Congressman, in this case, a human eye looked at each and every one of those, and whether that's a large or a small number based on the analysis that I've seen relative to the number of Cobalts that were out on the road, that was not a very large number compared to a lot of the other stall complaints that do happen for a variety of other vehicles that are out there.

Mr. Green. Well, you told me about how NHTSA responds to

consumer complaints, but it seems like in this case, NHTSA might look at how they respond to consumer complaints much better because I know as a Member of Congress, believe me, if we don't respond to emails and letters, we will hear about it, and if I get a number of emails on a certain subject, you know, we obviously respond to it.

So, Mr. Chairman, I know I'm almost out of time, and thank you for your courtesy.

Mr. Murphy. The gentleman yields back.

I now recognize the gentleman from Louisiana, Mr. Scalise, for 5 minutes

Mr. Scalise. Thank you, Mr. Chairman.

And Mr. Friedman, thank you for being with us and participating in this investigative hearing as well. I know earlier you had talked about the decision back in 2007 when the chief of Defect Assessment Division at your agency had suggested opening an investigation and then ultimately, some time after, it was decided not to open that investigation. When was the decision made not to open the investigation?

Mr. Friedman. That was also made in 2007, and basically what the chief of the defect investment -- sorry, Defects Assessment Division was doing was exactly what his job requires him to do. He is supposed to look for potential defect cases and bring those up to a panel where those are considered, where a broad set of evidence is considered.

Mr. Scalise. Is that the trends in relation to peers, i that's the language that you all were using when you're looking at, I guess, similar cars that were having similar problems with air bags?

Mr. Friedman. That's one of the pieces of information that's used as well as crash investigations and other EWR data that is involved. About half of those that are brought up do not end up going to investigation, but we have designed our system to make sure that we have at least two teams always looking for potential problems. The Defects Assessment Division is always looking for potential problems and raising that question. That's what --

Mr. Scalise. And then I'd be curious to get the information that you got within NHTSA that helped make that decision not to move forward with the investigation between September 2007, when the Defect Assessment Division decided -- that suggested to go forward, and then when you subsequently, your agency subsequently decide not to because when you look at this chart we got from 2007, the Cobalt versus Peer crash rate, there is a chart, and you've got the other peers and you've got some fairly static numbers and then you've got the spike here in what's called exposure rate per population that seems to spike with the Cobalt, and so if -- if the internal decisionmaking was that they were similar to their peers, it doesn't seem to mesh from this chart from 2007. So if you can get me or get the committee whatever information you have on what decisionmaking went into NHTSA's

final call to reject what was a warning or so from internal -- the Defect Assessment Division, and can you get us that information?

Mr. Friedman. Well, I believe we provided that information to the committee already, but if there is additional information, I'll make sure committee has --

Mr. Scalise. And were you all --

Mr. Friedman. I'm sorry, sir

Mr. Scalise. You had something else you wanted to add to that?

Mr. Friedman. Thank you, yes, I apologize. I just wanted to make clear about what the data shows. I believe you're referring to this chart. The bars here represent the defect, the potential defect, or really the complaint rate, and what you'll see with these bars is they're not spiking, they're not standing out in comparison to these others. The average is here, and they're just above average

Mr. Scalise. The blue line there on your chart

Mr. Friedman. Right. And that's what I was wondering if you were pointing to. The blue line is the volume of -- I believe that's the volume of reports. No, that's the volume of sales, so that indicates how many vehicles were sold, but the complaint rate that's the important data that we're looking at are the bars.

Mr. Scalise. Okay. Did you take action on any of those other cars that are identified in that chart?

Mr. Friedman. In some cases, we took action. In some cases,

we did not.

Mr. Scalise. So in some, you did. If you can get us -- again, if you can get the committee the list of those cars where you did take action because clearly you made the choice not to take action in the case of the Cobalt, so we appreciate if you can get us that.

I do want to ask a few other questions because in your testimony, you'd made a few, I don't know if you'd call them accusations, but I guess you could call them that. I mean, here you're saying we're pursuing an investigation of whether GM met its timeliness responsibilities to report and address this defect under Federal law. I know you addressed this a little bit earlier, but if you've got any specifics that you're referring to when you make that statement, can you get that to the committee?

Mr. Friedman. Yeah. Well, the specifics, I believe, are in my testimony that there are three things that I am concerned about based on their chronology. First and foremost is that they have identified that there's a link between the ignition switch and air bag nondeployment. Second is that they changed the part. And third is they appear to have had conversations with their suppliers about the air bag algorithm in relationship to the key --

Mr. Scalise. Final question, and I know I am out time, GM had -- this is your statement: GM had critical information that would have helped identify this defect. Have you gotten our staff

that critical information already that you feel GM had that would have helped identify this defect?

Mr. Friedman. So that information is the information that was referred to in General Motors' chronology. I believe the committee has asked for all that information.

Mr. Scalise. So we don't yet have that, as far as you know?

Mr. Friedman. I am not aware of exactly what documents you do or don't have, but if you don't have that information --

Mr. Scalise. If you can make sure we get that information if you have it.

Mr. Friedman. I also just wanted to clarify. We don't only look for trends. If there is a clear defect, we move forward into the investigation as well, so on -- I don't know the answer but on some of these cases, there may have not been as large of a trend, but if there was a clear defect, we would have investigated this --

Mr. Scalise. Thanks for your testimony.

And I yield back the balance of my time, Mr. Chairman.

Mr. Murphy. I just want to make sure, so we're very clear on this, when he's referring to the information given this committee, if you could highlight very specifically the information you did not have that GM later gave you that would have changed your decision, you make sure the committee has that. I mean, I know you said it was a parts switch, and that's what we have.

Mr. Friedman. Well, so, what I'm referring to, and I can

highlight it in GM's chronology, is I'm referring to specific items that are identified in General Motors' chronology that brought concerns. We are getting that information from General Motors.

Mr. Murphy. Thank you.

I now recognize the gentlewoman from Florida, Ms. Castor, for 5 minutes.

Ms. Castor. Thank you, Mr. Chairman.

Administrator Friedman, GM has confirmed that it knew as early as 2001 that its ignition switches contained defects. And by 2004, GM had a body of consumer complaints that raised enough questions for them to open an internal engineering inquiry of the switches. Meanwhile, the National Highway Traffic Safety Administration, your agency, was beginning to receive its own body of consumer complaints of cars stalling and ignition switch failures, and in 2005, as your agency was monitoring air bag nondeployment issues, its special crash investigation of a 2005 Cobalt found that the ignition switch was in the accessory position when the air bags did not deploy. You said, At this point, it was not clear to the Highway Traffic Safety Administration what was happening.

But then information came out subsequently that you can tell us, should this have pointed NHTSA in the right direction, in 2007 agency investigated a second crash of a 2005 Cobalt where the air bags did not deploy, I think you said, At this point, it still, it

did not stick out. And you've testified that you didn't see trends.

The crash report found that the nondeployment could be the result of, quote, "power loss due to movement of the ignition switch just prior to impact." But at this point, GM was also providing your agency with early warning reports in the third quarter of 2005, the fourth quarter of 2006, in addition to the crash -- special crash investigation, so we're all trying to figure out how it took so long for these defective ignition switches to trigger a recall at GM and then raise red flags at NHTSA and how the Highway Traffic Safety Administration could have noticed this issue sooner if GM had been more forthcoming.

So the committee's investigation has revealed that GM approved switches for these cars that did not meet the company specifications in 2002 and again in 2006. Did GM ever inform the Highway Traffic Safety Administration of this fact?

Mr. Friedman. Of which specific fact? I apologize.

Ms. Castor. That they -- that the ignition switches did not meet the company specifications?

Mr. Friedman. It's my understanding that we did not have that information.

Ms. Castor. Okay. The supplemental memo released this morning by the committee staff also revealed that GM had over 130 warranty claims on the recalled vehicles that specifically referred to problems with the ignition switch turning

off -- turning the car off when going over bumps or when drivers accidentally hit the key with their knee or leg. Is it true that GM provides -- provided early -- in their early warning reports aggregate data of the warranty information but not the specific warranty claims listed by -- one by one in the comments from consumers?

Mr. Friedman. What all car companies provide are aggregate numbers associated with warranties, and so we don't know when we get those counts what the reason for those warranties could be. For example, on the air bag side, I believe I mentioned before, you know, the complaints could be because the air bag light was going off when they thought it shouldn't or because the passenger sensor was not working. So, we don't -- when we have that count, we do not have the information as to the detail of exactly what each and every one of those warranty claims is.

Ms. Castor. So if GM had shared the specific warranty claims, would that have been helpful to your agency?

Mr. Friedman. The specific warranty claims I believe you're speaking of are related to the ignition switch itself?

Ms. Castor. Yes, the 130 that have now come out due to the committee investigation.

Mr. Friedman. And my honest answer is I don't know, and that is in part because what -- at the time, we did not have the information we now have for General Motors directly connecting the ignition switch to the air bag recalls.

Ms. Castor. So the state of the law currently is that in early warning reports on any type of vehicle problem, the car companies do not have to provide you the specific warranty claims?

Mr. Friedman. I believe that's the case.

Ms. Castor. They can give you a summary in general?

Mr. Friedman. Yes, I believe that's the case.

Ms. Castor. And that's true whether it is a warranty problem with the radio or a warranty problem that could be a serious safety defect?

Mr. Friedman. I believe that's correct

Ms. Castor. Is that -- do you think it's time to look at the law if the -- if they're -- if a car company has so many -- you know, here, 130 warranty claims that are specific and they relate to a serious safety defect, do you think that would be helpful to your agency, maybe change the law and say when a car company becomes aware that they have so many of these serious safety defects, they have to provide you the specific warranty complaints from the consumer?

Mr. Friedman. Congresswoman, I have to look at the exact data before I would be able to tell you whether or not it would be valuable, but what I will --

Ms. Castor. But certainly if a company had gathered a critical mass of serious safety defect complaints, that would be helpful --

Mr. Friedman. Well --

Ms. Castor. -- correct?

Mr. Friedman. -- if they have information regarding a defect, I believe that information they would, without a doubt, have to provide to us. I believe the information --

Ms. Castor. But the law does not require that currently?

Mr. Friedman. Well, if they have information about a defect, I believe the law does. I believe what you're referring to are warranty claims, which may or may not be associated with a defect.

Ms. Castor. Okay. Well, I think this is an important issue for the committee to look at. There might be some new line drawing or directions on what these early warning reports and if there is serious safety information that they've -- a car company has -- has gleaned through their own internal investigation, it really needs to be provided to the agency.

Mr. Murphy. Thank you.

Mr. Friedman. And Congressman -- Chairman --

Mr. Murphy. Now recognize Dr. Burgess for 5 minutes. Thank you.

Dr. Burgess. Thank you, Mr. Chairman.

Thank you, Mr. Friedman, for being here with us. It's been a long afternoon. Now, your testimony, I think you stated that, in 2007 and 2010, there was not enough evidence to conduct a formal investigation into General Motors' Chevrolet Cobalt, despite the number of complaints and four fatal crashes that had already shown up, but in 2012, your agency, the National Highway Traffic Safety

Administration opened an investigation into an air bag problem that some Hyundai models -- my understanding is this was based on a single complaint, and that is okay. I think the air bag nondeployment is a serious issue, but why wasn't it a serious issue when the complaints were coming in about the Cobalt? Given the fact that you initiated the investigation with much less evidence in the case of Hyundai, how can you -- how can you assert that there was not enough evidence to proceed with General Motors' case?

Mr. Friedman. Congressman, safety is our priority, and air bag nondeployments is a serious issue and we treat them very, very seriously. I would have to get back to you on specifics of the Hyundai case, but it goes back to one of the points I made before, which is we are looking for two potential things. The best thing and the easiest ability -- the best thing to be able to find and the clearest thing to be able find is when there's an obvious indication of a defect. All it takes is one if that's clear.

Dr. Burgess. Yeah. And I agree completely, and I don't know -- I mean, you were not here when the CEO testified when we posed questions. One of questions I posed was for the accident that occurred in Maryland in July of 2005 where a Chevy Cobalt went down a street that ended in a cul-de-sac, maybe was driving too fast, a lot of problems that night, but the air bag didn't deploy when the car impacted some trees. And it was a pretty serious impact. In fact, it was so serious that the driver was

then pushed up, compressed against the steering wheel with such force, I mean, she only weighed 106 pounds, and she broke the rim off the steering wheel, and that's a massive amount of force for a little 106-pound body to exhibit. So the air bag didn't deploy, and you know, I got your report here that it was in fact investigated in December of 2006, but that's a big deal that that air bag didn't deploy.

Different from all of the other accidents that we were given information about, because of the nature of this person's injuries, because of the cause of her demise, I can't tell you that the air bag would have saved her life, but I know, without the air bag, there was no chance at all, and of course, that was proven that night. But an air bag might have made a difference because the steering wheel that she broke off actually compressed against the upper dome, just below the diaphragm, below the rib cage, and lacerated the liver, and over the course of the next hour and 45 minutes, small woman, small blood volume, she bled out. I mean, an air bag might have made a big difference that night.

Now, contrasting that with another accident that occurred in Pennsylvania in 2009, where there was a head-on collision between a Hyundai and a Cobalt, and as I pointed out to the GM CEO, the Cobalt was not at fault, and that is, the driver of the Cobalt was not at fault. The Hyundai came over the center line, and there was a head-on collision. Closing speed was probably close to 100

miles an hour when you add the two speeds of the automobiles together. Everyone who was in the front seat of those vehicles died, but the Cobalt air bag did not deploy. The Hyundai did. Now, unfortunately, it didn't make any difference as to the overall fatality of that accident, but here you've got a side-by-side, identical speeds with which the impact occurred, the deceleration forces were identical in both automobiles. Hyundai deploys, Cobalt doesn't, this is a problem. Don't you agree?

Mr. Friedman. Congressman, when air bags don't deploy, that's a serious issue. There's also a serious issue sometimes when air bags do deploy. Over 200 people died because air bags, earlier air bags, deployed when they shouldn't have or deployed too strongly when they shouldn't have. Part of the challenge with all this, part of the reason why this information ended up not being conclusive for us is because air bags are designed, even in some difficult crashes, to not go off because that's the safest thing, that's the best way to avoid potential harm.

Dr. Burgess. Sir, in all due respect, I cannot imagine -- and I'm not an engineer, and I'm not lawyer, but I cannot imagine any circumstance where impacting an oak tree at 70 miles an hour or a head-on collision at 45 miles per hour per vehicle would not be a situation where you did not want the deployment of the air bag. I can't think of a single reason why the air bag deploying would add to the lethality of that accident sequence.

Mr. Friedman. Congressman, I completely understand why -- why you have -- why you feel that and why you have that impression. In the case of the 2005 crash and in general with these air bags, if you have an unbelted occupant and a small strike first, the risk at play here is that the occupant may be moving forward during that crash. If you're moving forward during that crash and the air bag is opening, yes, it actually could cause more harm than good. When the air bag is -- system is trying to decide whether or not to deploy --

Dr. Burgess. It couldn't have possibly done more harm that night. I would just submit that first impact was with a 5-inch pine tree, and although the pine tree yielded to the Cobalt, it was still a pretty significant impact when that happened.

Thank you, Mr. Chairman. I will yield back.

Mr. Murphy. The gentleman's time is expired.

I will now recognize Mr. Barton for 5 minutes.

Mr. Barton. Thank you. And I want to apologize to the other recall members that are still here. I have been watching the hearing as I've been doing meetings, but I apologize for not being here physically to go ahead of some of you folks, and having said that, I'm going to go ahead.

I have listened to most of what you said today on the television, and I think it's obvious that GM has some real questions that they've not done a very good answering today, but I also think, as the Federal regulator on the block, there are some

valid questions for your agency to answer. My first question is, at what level of accidents or deaths or incidents of malfunction triggers more than normal NHTSA review, not necessarily a full fledged investigation, but in this case, we, in hindsight, have got 13 deaths that we feel are attributable to this ignition problem over a 10-year period. I don't know how many accidents, how many injuries, but you know, when would NHTSA really start looking at something and say, you know, there's an anomaly here, we need to check it out?

Mr. Friedman. Congressman, first, I appreciate your question, and you know, part of what you started with is there are important questions that NHTSA has to answer in addition to General Motors, and I think this is an incredibly important process because we have questions, you have questions. What we need -- what my focus is in addition to the recall is making sure NHTSA does everything we can to improve the way we deal with these cases.

When it comes to your question about, is there a specific level? Each case ends up being different. Ideally, what I would like to have happen, is that we find any -- first, that automakers find and fix these defects right away. If they don't, ideally, I want to find and fix these defects --

Mr. Barton. But there is some internal reporting system or monitoring system and like if a specific model started showing up, 100 accidents a month that were unexplainable, that would be a big

enough blip that somebody at NHTSA would say, Well, what's going on there. I mean, if you had a steering problem, if you had a brake problem, if you had a gasoline tank problem that kept exploding over and over again, not once every decade, but I mean, you know, enough that you could see in your reporting, somebody at NHTSA would say, Hey, we need to check that out.

Now, I am told that at the staff level, there were some internal NHTSA employees, some employees at NHTSA said, you know, before GM admitted that there was a problem, there were some NHTSA midlevel people that said we need to look at it and a decision was made within NHTSA that it wasn't at a level that was worthy of further investigation. Is that true?

Mr. Friedman. Congressman, we have a process to do exactly what you just said. We have people who are reading every single one of the more than 45,000 complaints that come in. We have a team dedicated to do that. We have a team dedicated to looking at all the early warning data that comes in. In this case, red flags were raised. Concerns were raised, and it was proposed, because of that exact process, the exact process that you're talking about that we do have, concerns were raised. And this was brought to a panel. The job of that panel is to consider all of the evidence, the initial evidence as well as more detailed look at the data, whether or not there's a clear trend, whether or not there's a -- enough information to have concern over a specific defect. The panel did that in this case. What I'm learning, what I'm

seeing from all this is that we need to reconsider and look at, how do we deal with cases where there may be something that's considered a remote explanation? Should we change the way we follow up on it? Should we change the way we follow up on that with the car company? These are things that I think we're learning, lessons that --

Mr. Barton. My time is just about out. I want to make one general comment and then one final question. You know, we pointed out to the GM executive that was here that their part didn't meet their own specifications, and it didn't just almost not meet them; it didn't meet them by a long way. I mean, like a third, it was like two-thirds off. It was way below, not just a little bit, and that's not NHTSA's problem, and you're not expected to -- the NHTSA people aren't expected to know things at that level. But on the general point that Dr. Burgess was asking about, you know, when the air bag doesn't deploy when it runs into a tree at 40 or 50 miles an hour and the general response from NHTSA is that we didn't know how that particular air bag system was supposed to work, I don't think that's a very good answer. Isn't NHTSA supposed to know how the air bag systems work, and if they are not, if NHTSA doesn't know, aren't you, in your agency, supposed to find out?

Mr. Friedman. Congressman, the circumstances of these crashes were much more complicated than that. We applied expertise, we applied our understanding, we applied a process that

has worked to generate over 1,299 recalls over the last decade. Are there improvements that we need to make to that process based on what we've learned today? Yes, absolutely.

Mr. Barton. Okay.

Mr. Friedman. and I'm committed to making sure that that happens, but these -- I wish these crashes were as simple as they appear to be. I wish the connection was as direct as we now know it is. At the time and with the information that we had --

Mr. Barton. Hindsight is always easier than current sight.

Mr. Friedman. As before, hindsight is 20/20, and ideally, we --

Mr. Barton. Thank you, Mr. Chairman.

Mr. Murphy. The gentleman yields back.

I'll recognize Mr. Griffith of Virginia for 5 minutes.

Mr. Griffith. Thank you very much. I appreciate it. I would ask -- I appreciate you being here today, and I would ask several questions following up, you know, on why didn't NHTSA know, and it is true that hindsight is 20/20, but it appears that some of your folks were at least sent enough warning signals.

I am looking at what I believe is tab 18, and the DAD, which is the Defects Assessment Division, and I know you know that, but not everybody watching on TV knows that, and so I want to make sure they know because I had to look it up, sent out and said in one of their emails in 2007, said, Notwithstanding GM's indications that they see no specific problem pattern, DAD

perceives a pattern of nondeployments in these vehicles that does not exist in their peers and that their circumstances are such that in our engineering judgment merited a deployment and that such a deployment would have reduced injury level or saved lives.

When you combine that flag with the flag I think you mentioned earlier in your testimony that you were getting a number, if I remember correctly, was about 200-and-some complaints on this particular Cobalt vehicle, that they were stalling out in the road or the engine was cutting off, and you start adding those together along with the fact that I believe you all knew that there were at least, I think it was three where the air bag didn't deploy and the ignition was in the accessory mode, it would seem that somebody ought to start an investigation that those coincidences might have been more than coincidences. And I would ask, I know you're trying to do things better, but apparently, the person who put all this together was an investigator for a one-man law firm. He did have somebody of counsel, but basically you've got a one man law firm with an engineering investigator who figures this out. So I would say to you, you know, what can you do better and have you called on that investigator to come in and maybe train some of your folks that -- to look at some of these coincidences because when you start seeing a series of negative things happen, that might be where you ought to be looking.

Mr. Friedman. Congressman, our team was looking at this issue. The Defects Assessment Division was doing exactly their

job. We have a system that is designed to raise those red flags. About half of the time, the recommendations of those Defects Assessment Division end up moving on to investigations. This -- what I see in this case is one of the things I mentioned before, which is one of the things we need to look at is, how do we make connections between remote defect possibilities?

In this case, you had one theory that was put forth, which was that the accessory -- the key being the accessory position could have caused air bag nondeployments. In the crashes that we looked at, the circumstances of those crashes led the investigators to believe that it was more -- much more likely that the air bags didn't go off because of the circumstances of that crash. I understand -- completely understand why it looks like --

Mr. Griffith. Well, but let me --

Mr. Friedman. It should have been clear, but it's clear now in part because we have that clear connection from General Motors.

Mr. Griffith. Well, but let me raise this concern. This memo indicates that there's a reliance, and I'm implying this from the wording, notwithstanding GM's indication that they see no specific pattern problem. It shows -- that statement shows a reliance on GM. Likewise, in your testimony, you state that this understanding was verified -- talking about the power loss situation -- This understanding was verified by GM service literature during our due diligence effort.

Now, if you've got a company that's got a car that is not

functioning the way it is supposed to, I would like to think that with 51 employees versus that one-man law firm out of Georgia, that you would look at something other than the service literature and not necessarily that rely on GM indications that they see no specific pattern or problem pattern. So, I am concerned that there may have been too much reliance on the information from GM, including their service -- let me make sure I get the wording right -- their service literature and what they saw as problem patterns when in fact I think that you all are supposed to be finding the problem patterns.

Now, I understand it is easy, in hindsight, sitting up here to say that, but these are warning signs that go off to me as a legislator that maybe you all need to take a look at that, and you know, when you see problems, maybe the service literature of the company that you're looking at is not the best place to get your information.

Mr. Friedman. Congressman, just to be clear, we did not rely on General Motors when it came to defects, whether or not there was a defect trend. We did our own analysis of the data, and our own analysis indicated that the Cobalt did stand out. I also wonder if I haven't been clear enough relative to that service bulletin. We did not rely on that service bulletin at the time. We did not rely on that information from General Motors. We relied on our expert's understanding of air bag systems.

Mr. Griffith. But their understanding of the air bag system

in the Cobalt was based on the service literature for the Cobalt, according to your written testimony. Am I not correct? Is that not what you said?

Mr. Friedman. My testimony sounds like it was not clear enough. What happened was once we found out about this defect, we looked into the service literature to confirm our understanding at the time, and the service literature that we looked at this year for that vehicle confirmed our understanding at the time, which was that --

Mr. Griffith. Your understanding at the time and the service literature were both wrong. Isn't that correct, yes or no?

Mr. Friedman. Yes, that's correct.

Mr. Griffith. Thank you.

I yield back.

Mr. Murphy. The gentleman yields back.

Now recognize Mr. Long for 5 minutes.

Mr. Long. Thank you, Mr. Chairman.

I want to thank the chairman and the ranking member and all of the members on both sides that have been here today. We originally weren't scheduled to be in this soon, and so a lot of us had to change our travel plans to get in today, and a lot of us have been sitting here through the entire both hearings today because it is a very, very important issue, of course, that we're discussing.

And thank you, Mr. Friedman, for being here with us today

with your testimony. You know, when I think of NHTSA, I think of Number 66 for the Green Bay Packer's linebacker Ray Nitschke, and all day we've been talking about NHTSA, NHTSA. Tell me what NHTSA is.

Mr. Friedman. NHTSA is the National Highway Traffic Safety Administration. It's an organization of nearly 600 people, whose mission is to save lives and reduce injuries by addressing issues like drunk driving, unbelted occupants, vehicle safety, and the subject we're talking about today, which is finding vehicle defects when automakers don't find them themselves, which is their first and foremost responsibility.

Mr. Long. I just wanted to get that out there on the record. I, of course, know what it is, but I think a lot of people when they hear that NHTSA, NHTSA, NHTSA all day, they're thinking, what exactly is this? So the next question I would have would be do you have any way to track consumer complaints to auto dealers short of waiting for them to reach out to you, not the dealers, but the consumers that are having a problem? Do you have any way to track people coming in and my car stopped, it died, it did this, it did that, do you have any way to track that, or do you have to wait for someone to contact you all?

Mr. Friedman. We have early warning data which tracks the cases where warranty services are provided on vehicles

Mr. Long. So anytime a warranty service is provided, you will be notified of that?

Mr. Friedman. We're notified of a count. We have a total number -- a count of the number of those and the part that that's associated with.

Mr. Long. And how often --

Mr. Friedman. Not the reason for the complaint.

Mr. Long. Do you get that annually, semi-annually, quarterly, how often?

Mr. Friedman. Once a quarter --

Mr. Long. Once a quarter.

Mr. Friedman. -- have the information we need, it's required once a quarter.

Mr. Long. How would a -- what kind of marketing do you do? How would a consumer know -- learn about the National Highway Traffic Safety Administration? What kind of market do you do? If I took my car in, had a problem, it wouldn't pop into my head to call you, so how do you market yourself? How can we let the American public know if they do have an issue and they're not satisfied with their dealer, how can they contact you or what can we do to better augment that, I guess?

Mr. Friedman. Well, some of the things that we're already looking at doing and we're already making sure that happens is on every single recall letter that goes out, both NHTSA's name is on that letter, even though it's sent from the automaker, and it's in clear red letters that this is an important safety recall information. We also have apps that are available online that we

try to make sure the consumers download. These apps allow people to lodge complaints directly to us. They allow them to track their recalls. We're also moving forward later on this year with a tool that will allow all consumers to come to our Web site, put in their VIN number to find out if there is a recall associated with their very specific vehicle that has yet to be addressed.

We have additional efforts where we try to make sure that people are aware of who NHTSA is, but yes, I have seen the same data, and one of the things I've talked to any staff about is that I'm concerned that we are not at the top of the list when people have complaints, and we've been talking about ways to make sure that we have campaigns to make people aware that if you've got a complaint, if you've got a concern, come to NHTSA. We need that information. Consumer complaint data is one of the vital tools that we have to try to find these defects, and I would appreciate any help anyone can provide to make sure that people are aware, that people go to SaferCar.gov to report these defects.

Mr. Long. Where tomorrow you're going to be able to see on there that you could take your car in and get a free loaner or a free rental, right?

Mr. Friedman. Absolutely.

Mr. Long. Very good. My last question. At what point is a consumer supposed to reach out to you?

Mr. Friedman. At any point they have a concern. I mean, you know --

Mr. Long. At what point is that, though? If I get a -- go home this evening, in the mail I get a recall on my vehicle, and they want me to bring it in and fix this switch or that doodad there or whatever, do I run to the phone or call you and say, Hey, I've got a recall? Or do I wait until I'm not satisfied with the dealer? At what point do consumers -- should consumers reach out to you?

Mr. Friedman. Well, in that case, if you get a recall letter, the first thing you should do, without a doubt, is contact your dealer and get your vehicle fixed as soon as possible. These are --

Mr. Long. Yeah, but I'm talking about contacting you. At what point do I -- if it's just a standard thing, I don't need to contact you on that?

Mr. Friedman. If it's a standard recall and you're concerned and you want to reach out to us, absolutely, but typically, when we want people to contact us is well before there's a recall. We rely on and look at over 45,000 consumer complaints every single year to try to spot these trends, so I want someone to reach out to NHTSA the instant they have a serious concern about their vehicle and they feel that their safety is at risk so that we can have that information. Right now, we've got 45,000 complaints. I'd like to see that number get up to 50,000; 60,000; 75,000 complaints relative to safety issues so that we can have more information to be able to track down these problems.

Mr. Long. Okay. Mr. Chairman, I don't have any time left, but if I did, I'd sure yield back.

Mr. Griffith. [Presiding.] Thank you.

I thank the gentleman.

The gentleman from Nebraska, Mr. Terry, 5 minutes.

Mr. Terry. Thank you, Acting Chair.

You had testified, Mr. Friedman, or in your testimony, you showed or testified that there were two SCI reports that showed indications of power loss and identified the vehicle power mode as accessory. And I think one of these has been highlighted in several newspaper articles that the SCI noted during air bag investigation a problem with the accessory.

So the question I have is, did these reports merely report the vehicle power mode as a fact, or did it report this and identify it as a potential contributing factor?

Mr. Friedman. Well, the two reports handled the case differently. My understanding and my memory is that in one of the reports, it simply had an entry in the EDR data, in the event data recorder data, that indicated that the vehicle power mode was accessory. That's typically not reported. In other case, in the other -- it was included in the special crash investigation that there were two possible reasons why the air bag did not deploy. One possible reason was because of the ignition switch. The other possible reason was because the yielding nature of the trees wasn't sufficient.

Mr. Terry. You mean, they're hard when they're hit?

Mr. Friedman. I'm sorry?

Mr. Terry. I'm being sarcastic. You said the yielding nature of the tree is kind of -- they're hard and objects hit them and --

Mr. Friedman. Well, different trees have different sizes. In this case --

Mr. Terry. Well anyway, I don't want to get bogged down into the force of the impact of a tree, but the point is that they were noted in two SCI reports but not acted upon, so what is the communication process between the SCI and the ODI? Someone has got to take that up and say, Gee, there's a problem with an ignition switch that's been noted; maybe we should follow up on that. What's the process?

RPTS BAKER

DCMN SECKMAN

[6:02 p.m.]

Mr. Friedman. So the process, it depends on the circumstance. In some cases, our Office of Defects Investigation will actually ask the special crash investigators to go out and look at a crash so that they can seek new information. In other cases, when the special crash investigators follow up on a crash, they will bring it to the attention of the Office of Defects Investigation. So we try to make sure that both teams are talking to each other and sharing critical information.

Mr. Terry. Okay. So in these two SCI reports that were filed, did the SCI, the special crash investigator, communicate that there was a problem, other than noting it in those reports on those two occasions to the ODI?

Mr. Friedman. I don't know if SCI specifically communicated the accessory issue, but when the team did look at especially the investigation that indicated that there were two possible reasons for that.

Mr. Terry. Yeah. So the ODI knew that there may have been, that the switch may have been part of the problem, let's say?

Mr. Friedman. ODI would have been aware of exactly?

Mr. Terry. So ODI was aware?

Mr. Friedman. I believe so because my understanding is

that --

Mr. Terry. Because it looks like you have one group of people that's not talking to another group of people.

Mr. Friedman. Our teams do talk to each other, but as you'll notice in my testimony, one of the things I do think we need to discuss is, are there ways that we can change the way these crash investigations are used in our defective products?

But in this case, I do want to note that the draft version of this report that the team had at the time, at that moment, indicated that the crash investigators thought the more likely reason that the air bags did not go off was because of the circumstances.

Mr. Terry. I would think if you note that there was a problem with the switch automatically turning to accessory, that that would be significant enough to just follow up on, whether or not it was deemed to be a contributing factor or the sole factor. I need to ask, though, on the early warning reports, you were receiving early warning, the reports from GM. Correct?

Mr. Friedman. That's correct.

Mr. Terry. In my question to the chair -- I'm sorry, the president of GM, she said that they were submitting those. Were they required when they know or feel that there is a problem with a specific item in that car like the ignition switch, to report that? Or is that just one of the many items to be submitted within the EWR?

Mr. Friedman. Well, my understanding is that if they're aware of a problem that relates to a safety defect, that that actually is not reported within EWR. That needs to be directly reported --

Mr. Terry. Under the TREAD Act, they have to support that separately.

Mr. Friedman. Well, under the TREAD Act, they're required to report warranty claims and a variety of other pieces of information to us. But if they saw a defect, then they needed to report that to us completely separate from, you know -- that's simply --

Mr. Terry. What's noncompliance? I'm over my time, but I do need to get on the record, what is noncompliance versus defect? And you have 2 seconds.

Mr. Friedman. Sure. Really quickly, noncompliance means you did not meet the standards that we have. A safety defect means that you may have met the standards, but there's something wrong with the vehicle that poses an unreasonable risk to safety.

Mr. Griffith. I thank the gentleman.

I would ask for unanimous consent that the members' written opening statements be introduced into the record.

Without objection, the documents will be entered into the record. Hearing none.

[The information follows:]

******** COMMITTEE INSERT ********

Mr. <u>Griffith.</u> I will ask unanimous consent that the contents of the document binder be introduced into the record and to authorize staff to make appropriate redaction.

Without objection, the documents will be entered into the record with any redactions that staff determines are appropriate. Hearing no objections.

[The information follows:]

******** COMMITTEE INSERT ********

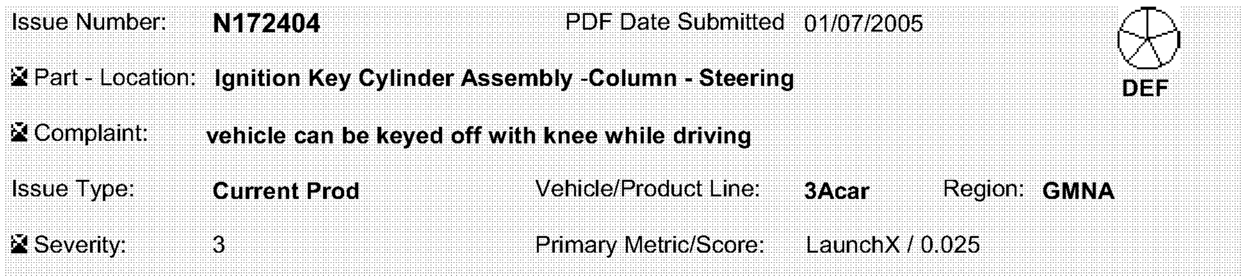
Mr. Griffith. In conclusion, I would like to thank all the witnesses.

Thank you, Mr. Friedman, and members that participated in today's hearing. I remind members that they have 10 business days to submit questions for the record, and I ask that the witnesses all agree to respond promptly to the questions.

Anything else? Thank you very much. This hearing is adjourned.

[Whereupon, at 6:07 p.m., the subcommittee was adjourned.]

Exhibit 4



Issue Number:	**N172404**	PDF Date Submitted	01/07/2005
Part - Location:	**Ignition Key Cylinder Assembly -Column - Steering**		
Complaint:	**vehicle can be keyed off with knee while driving**		
Issue Type:	**Current Prod**	Vehicle/Product Line:	**3Acar** Region: **GMNA**
Severity:	3	Primary Metric/Score:	LaunchX / 0.025

DEF

7. Business case unacceptable

Vehicle / Product Description

Primary Project No:	Cobalt	Model Year:	2005
Other Project No(s):	05X001	Model Year Qtr:	
Vehicle/Prop. #:		Model Code:	
Marketing Division:	Chevrolet, Pontiac	Hardware Stage:	
Marketing Region(s):		(VIN) Vehicle ID #:	
Engine(s):		Transmission(s):	
Engine Serial #:		Transmission Serial #:	
Drive Type(s):		Option(s):	
Steering:		PIMREP No:	

Odometer Reading or Range in Miles from to

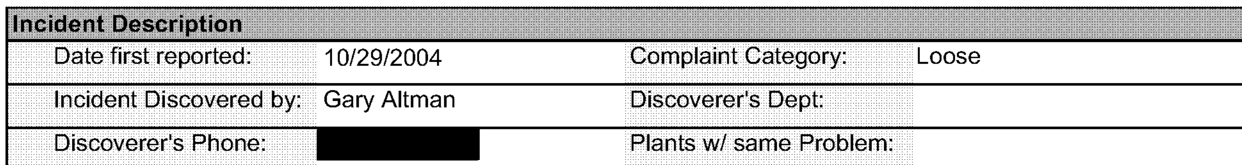
Part / Supplier Information

1st Level (VPPS):	2nd Level (VPPS):	3rd Level (VPPS):	4th Level (VPPS):
20 Chassis	1 Steering	4 Steering Column	

UPC:	FNA:	Part Name:	Part Number:
-	-	key cylinder	-

Supplier(s) Name:	DUNS Code(s):	Part Year:	Drawing Revision Date:
-	-	-	01/01/1900

Suspect Part(s) available?	Location of Suspect Part(s)	PIM (EPS/PAD)	EPN
○ Yes ● No			



Incident Description

Date first reported:	10/29/2004	Complaint Category:	Loose
Incident Discovered by:	Gary Altman	Discoverer's Dept:	
Discoverer's Phone:	[redacted]	Plants w/ same Problem:	

Source Level 1:	Source Level 2:	Source Level 3:
Physical Test - Field Test	Other Loc	Chassis/Powertrain

Incident Description: (Give detailed description of incident)

While driving the vehicle the drivers knee bumped the key in such a manner as to turn off the ignition

Preliminary Root Cause: (Give preliminary Root Cause if known, do not speculate!)

low key cylinder torque/effort

Potential Root Cause Champion: (Select potential Root Cause Champion.)	
Re-Assign Department : or: Name :	Potential Champion Chassis & Powertrain *** Suspension - Steering - Structures & Mounts (Warren) Gannon, Kevin G. Phone: Fax:

Evaluation Information (Test)			
Procedure: (Test Schedule)	% Complete (Test Schedule):	Driving Conditions:	Environmental Conditions:
Odometer:	Vehicle Test:	Part Durability:	Part Test:

Containment
Plant Information
Description of Plant Containment:

Plant:	VIN:	Breakpoint Date:	Contact Person:	Tel. No:

Field Information
Description of Field Containment:

Breakpoint Date:	Contact Person:	Tel. No:

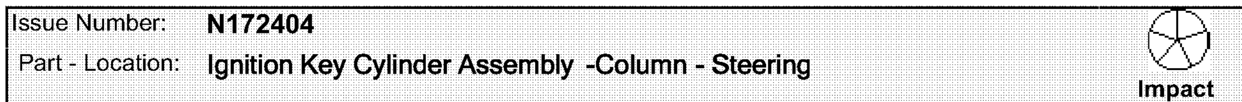
Involved Components	
Component:	Plant:

Originator Information

Document Originator:	ALAN G STORCK/US/GM/GMC		11/19/2004 11:42:31 AM
Location:	Milford Proving Ground Building 104	Phone:	
Dept.:	GM *** GMNA *** Engineering *** Vehicle Integration *** Vehicle Performance *** Vehicle Dynamics & Control Systems *** Vehicle Dynamics Ride & Handling Small & Midsize Cars		

Document Information

Last Modified by	Dennis L. Korinek/US/GM/GMC 03/01/2005 08:00:31 AM
History	Dennis L. Korinek/US/GM/GMC - 03/01/2005 07:00:31 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 10:14:21 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 10:03:55 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 09:02:33 AM Blendi Sullaj/US/GM/GMC - 02/01/2005 02:00:56 PM Scott Sherman/US/GM/GMC - 01/12/2005 02:26:25 PM Scott Sherman/US/GM/GMC - 01/10/2005 09:02:07 AM Kevin G. Gannon/US/GM/GMC - 01/10/2005 07:53:38 AM Nancy Burder/US/GM/GMC - 01/07/2005 11:32:14 AM Nancy Burder/US/GM/GMC - 01/07/2005 11:32:05 AM


Issue Number: **N172404**
Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**
Impact

Complaint: vehicle can be keyed off with knee while driving

Vehicle Line:	Prioritization Ranking by:	Priority Val.:	Bypass:	Link:
3Acar	**LaunchX**	**0.025**	**n**	

Other Vehicle/Product Line(s) involved:

Assessment of Customer Satisfaction Impact

Customer Survey:	Customer Survey Category:	Customer Survey:	Customer Survey Category:

Marketing Division / Vehicle Line	PPH	MY	Wave	PPH	MY	Wave
3A Total						
Not Applicable.						
Not Applicable..						
Not Applicable...						
Not Applicable....						
Not Applicable.....						
Not Applicable......						
Not Applicable.......						
Not Applicable........						
Not Applicable.........						
Not Applicable..........						
Powertrain 1						
Powertrain 2						
Powertrain 3						
Powertrain 4						

Report Date: Customer Survey Specialist:

Customer Survey Comments:

Assessment of impact on warranty

Sales Region:		Currency:	$US

Labor Codes:

Primary:	
2nd Labor Code:	
3rd Labor Code:	
4th Labor Code:	
5th Labor Code:	

		Months in service						
Measure	Marketing Division / Vehicle Line	0	2	6	12	24	36	Model Year
IPTV	3A Total	0	0	0	0	0	0	
IPTV	Not Applicable.	0	0	0	0	0	0	
IPTV	Not Applicable..	0	0	0	0	0	0	
IPTV	Not Applicable...	0	0	0	0	0	0	

IPTV	Not Applicable....	0	0	0	0	0	0	
IPTV	Not Applicable.....	0	0	0	0	0	0	
IPTV	Not Applicable......	0	0	0	0	0	0	
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IPTV	Not Applicable........	0	0	0	0	0	0	
IPTV	Not Applicable.........	0	0	0	0	0	0	
IPTV	Not Applicable..........	0	0	0	0	0	0	
IPTV	Powertrain 1	0	0	0	0	0	0	
IPTV	Powertrain 2	0	0	0	0	0	0	
IPTV	Powertrain 3	0	0	0	0	0	0	
IPTV	Powertrain 4	0	0	0	0	0	0	
Cost / Vehicle	3A Total	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable...	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..........	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 1	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 2	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 3	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 4	0	0	0	0	0	0	

Solution Effectiveness (%):	
Report Date:	Warranty Specialist:
Warranty Comments:	

Assessment of internal measurements					
Plant	% Direct Run Improvement (< 100)	GCA Value	GM Rating	Ergonomics	Productivity

Report Date:	
Owner of Information:	

Assessment of Aftersales Impact		
FPR No.:		
Metric:	**No of Cases:**	**Comments:**
TAC:		
CAC:		
Buybacks:		
FPR:		

Cost Reduction			
Type of Cost Reduction:		Tracking Number:	

Marketing Division / Vehicle Line	Amount of Reduction ($US):
3A Total	0
Not Applicable.	0
Not Applicable..	0
Not Applicable...	0
Not Applicable....	0
Not Applicable.....	0
Not Applicable......	0
Not Applicable.......	0
Not Applicable........	0
Not Applicable.........	0
Not Applicable..........	0
Powertrain 1	0
Powertrain 2	0
Powertrain 3	0
Powertrain 4	0
Report Date:	
Cost Reduction Comments:	

Risk Assessment Number / FMEA			
Marketing Division / Vehicle Line	**FMEA Severity:**	**FMEA Occurrence:**	**FMEA Detection:**
3A Total			
Not Applicable.			
Not Applicable..			
Not Applicable...			
Not Applicable....			
Not Applicable.....			
Not Applicable......			
Not Applicable.......			
Not Applicable........			
Not Applicable.........			
Not Applicable..........			
Powertrain 1			
Powertrain 2			
Powertrain 3			
Powertrain 4			

Regional Information

Description	Value	Description	Value
Physical Test		Issue Resolution Team Approval Date	
GMM ICE PPH		4	
5		CTF Repeat Occurrences	
ZDW Plant&Value		8	
Direct Run Loss		PDT	
Highlight Number		12	
13		Build Sequence	
15		16	
Sequence Number		18	
Local		Feedback Owner	

Document Information

Document created by: Nancy Burder/US/GM/GMC 01/07/2005 11:31:15 AM

Last Modified by

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

RC

Complaint: **vehicle can be keyed off with knee while driving**

Assign Root Cause Champion

Department:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering

Champion:
Sherman, Scott - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Root Cause Champion Designee

Department:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering

Champion:
Sullaj, Blendi - Phone: [redacted]

Champion Designee History:

Assign Root Cause External Designee

Assignment Date: Department : Name : External Designee:

External Designee History:

Root Cause Analysis

Target Date:	Actual Date:	Actual date reported by champion:
02/06/2005	02/04/2005	

☒ Description of Root Cause Investigation Progress and Verification:

Author: Blendi Sullaj/US/GM/GMC on 01-Feb-2005 14:00

There are two main reasons that we believe can cause a lower effort in turning the key:

1. A low torque detent in the ignition switch
2. A low position of the lock module in the column.

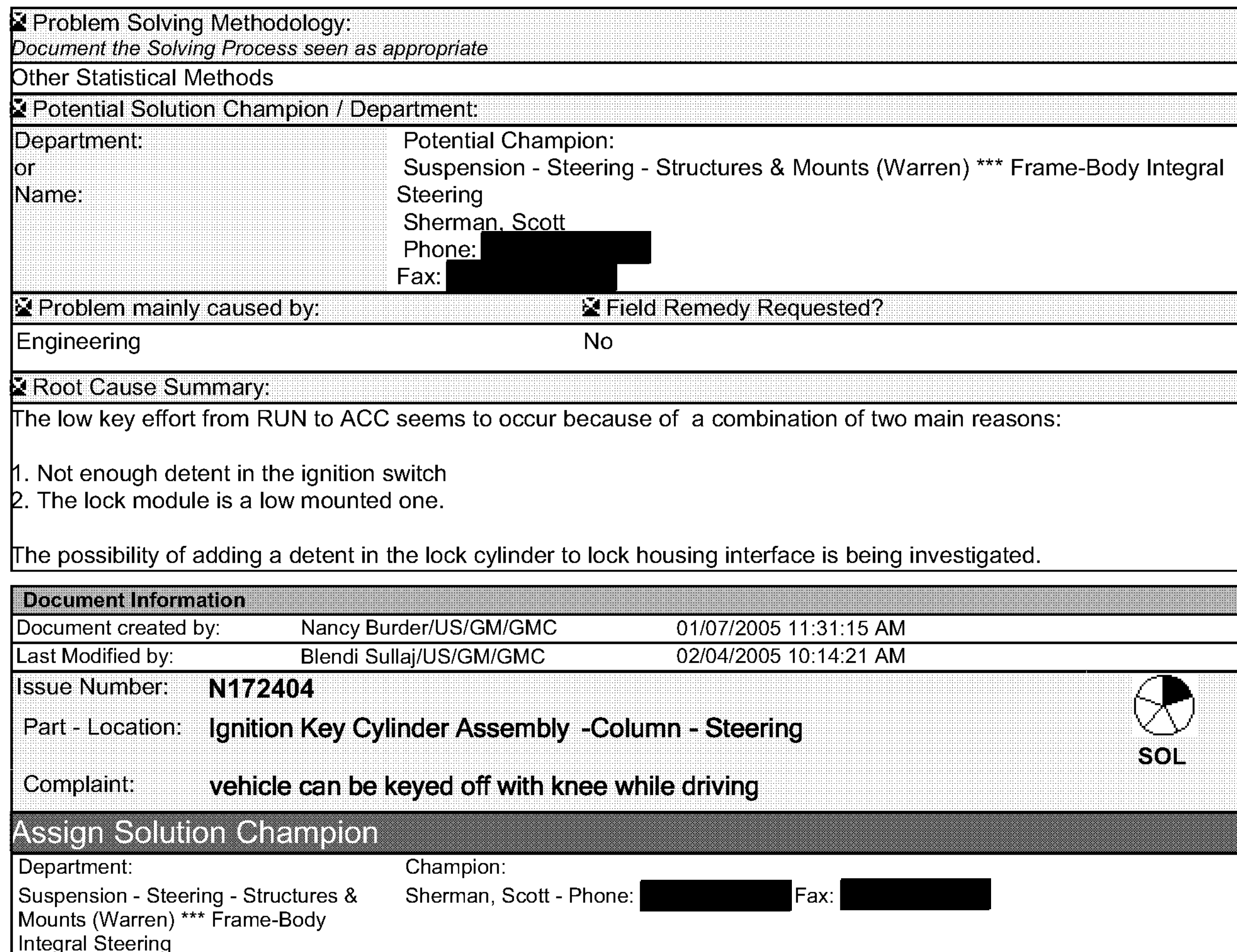
Looking at the first reason, one would immediately think that changing/increasing the ignition switch torque effort would be a good solution. After talking to Ray DeGiorgio, I found out that it is close to impossible to modify the present ignition switch. The switch itself is very fragile and doing any further changes will lead to mechanical and /or electrical problems.

There are two other ways we can approach towards possible solutions:

a. Modifying/adding detent to lock module cam shaft
b. Adding detent to the lock cylinder-lock housing interface at RUN position (Similar to T257).

We discussed with our supplier regarding a possible torque increase from the cam shaft. Even though this is possible, it involves changes in tooling for almost all components that constitute the lock housing.

It seems that adding a detent to the key cylinder-lock housing interface at RUN position will be the most viable solution.



Problem Solving Methodology:
Document the Solving Process seen as appropriate

Other Statistical Methods

Potential Solution Champion / Department:

Department: or Name:	Potential Champion: Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering Sherman, Scott Phone: [redacted] Fax: [redacted]

Problem mainly caused by:	Field Remedy Requested?
Engineering	No

Root Cause Summary:

The low key effort from RUN to ACC seems to occur because of a combination of two main reasons:

1. Not enough detent in the ignition switch
2. The lock module is a low mounted one.

The possibility of adding a detent in the lock cylinder to lock housing interface is being investigated.

Document Information

Document created by:	Nancy Burder/US/GM/GMC	01/07/2005 11:31:15 AM
Last Modified by:	Blendi Sullaj/US/GM/GMC	02/04/2005 10:14:21 AM

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

SOL

Assign Solution Champion

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sherman, Scott - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Solution Champion Designee

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sullaj, Blendi - Phone: [redacted]

Champion Designee History:

Assign Solution External Designee

Assignment Date:	Department: Name:	Champion Designee:

External Designee History:

Develop Solution / Make Decision on Solution

Target Date:	Actual Date:	Actual date reported by champion:
03/06/2005	03/09/2005	

☒ Description of Solution Investigation Progress and Verification:

Author: Blendi Sullaj/US/GM/GMC on 01-Mar-2005 16:07

Several possible solutions were presented to CPIT on 02/18/2005 See the folloing file for a better understanding of the solutions presented.

GMX001 Lock Module Detent in RUN 20050216.ppt

We were advised to look at the key slot change as a containment. This is in order to reduce the lever arm and as a result the pulling load.

We discussed the above solutions with Ray DeGiorgio (ignition switch DE) and Dave Trush (Lead Engineer, Closures)
on 02/28/2005. After a thorough discussion, the following file was generated:

VAPIR GMX001 Lock Module Detent in RUN 20050301.ppt

This file was presented in VAPIR on 01/03/2005. The advised was the same as CPIT; to look into the key slot change

as a containment (i.e., look into pricing and timing for the change).

Next step is to provide the required information (key slot change) to CPIT on 03/04/2005

Cost estimate to modify vehicle key for Cobalt

Cost estimate to change the vehicle key for the Cobalt only
per David Trush 3/04/05

Author: Blendi Sullaj/US/GM/GMC on 09-Mar-2005 9:36

Per GMX001 PEM's directive we are closing this PRTS with no action. The main reasons are as following:

1.All possible solutions were presented in CPIT and VAPIR:

a. The lead-time for all the solutions is too long.
b. The tooling cost and piece price are too high.
c. None of the solutions seems to fully countermeasure the possibility of the key being turned (ignition turn off) during driving.

Thus none of the solutions represents an acceptable business case.
03/09/2005 - Blendi Sullaj

Aftersales Field Fix:	N/A

EWO			
EWO #:	Approval / Release Date (i.e. CAB, etc):	Validation Part Availability Date:	TID (Target Implementation Date) of EWO:
EWO Comment:			

EWO Part Actions			
New Part Number Required? ◯ Yes ◯ No	New Part Number		
Stock Disposition Domestic	Stock Disposition Export	Service Disposition (Retailer)	Service Interchange
Exchange Aftersales Warehouse Parts according to Engineering/VLDM decision?			
Department: or Name:	Potential Champion: Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering Sherman, Scott Phone: [redacted] Fax: [redacted]		

Summary
Solution Type
Solution Summary:
Per GMX001 PEM's directive we are closing this PRTS with no action. The main reasons are as following: 1.All possible solutions were presented in CPIT and VAPIR: a.The lead-time for all the solutions is too long. b.The tooling cost and piece price are too high. c. None of the solutions seems to fully countermeasure the possibility of the key being turned (ignition turn off) during driving. Thus none of the solutions represents an acceptable business case.

Document Information

Document created by:	Blendi Sullaj/US/GM/GMC	02/04/2005 10:14:08 AM
Last Modified by:	Blendi Sullaj/US/GM/GMC	03/09/2005 09:36:27 AM

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

IMP

Assign Implementation Champion

Department: Champion:

Assign Implementation Champion Designee

Department: Champion:

Assign Implementation Champion Designee

Company: External Designee:

Implement Solution

Target Date: Actual Date: Actual date reported by champion:

Description of Implementation:

Breakpoint(s)

Plant:	Date:	VIN / Val Vehicle #:

Breakpoint(s) Involved Components

Plant*Component / Supplier*Part:	Serial - No:	Date Breakpoint:

Component/Part:	Plant / Supplier:	Serial - No:	Breakpoint:

Department :
or
Name :

Potential Champion:

Service Bulletin

Service Bulletin Requested:	Service Bulletin #:	Bulletin Release Date:	Applicable Region/Country:
Service Bulletin Name/Desc.:			

Summary

Implementation Summary:

Document Information

Document created by:

Last Modified by:

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

FB

Assign Feedback Champion

Department:	Champion:

Assign Feedback Champion Designee

Department:	Champion:

Assign Feedback External Designee

Company:	External Designee:

Feedback

Target Date:	Actual Date:	Actual date reported by champion:

Did the Solution fix the problem?

○ Yes ○ No

Copy of the data analysis to support the above conclusion:

Feedback Summary:

Document Information

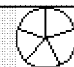
Document created by:

Last Modified by:

Issue Number: **N172404**

Part - Location: Ignition Key Cylinder Assembly -Column - Steering

Complaint: vehicle can be keyed off with knee while driving



Field Remedy

Assign Field Remedy Champion

Department:	Champion:

Field Remedy

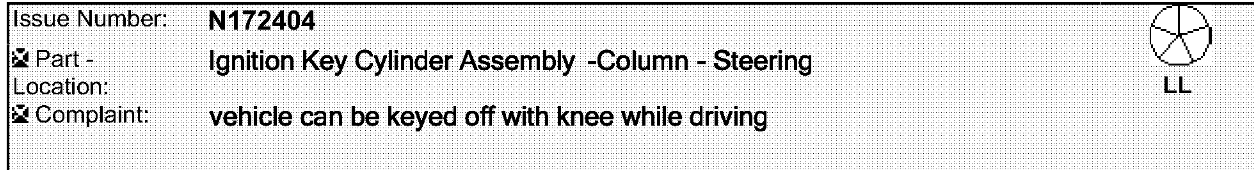
Field Remedy Comment:

Last Break Point		
Date	VIN / Part Number	Measure

Document Information

Document created by:

Last Modified by



Issue Number:	**N172404**
Part - Location:	Ignition Key Cylinder Assembly -Column - Steering
Complaint:	vehicle can be keyed off with knee while driving

LL

Solution for new Design / Project

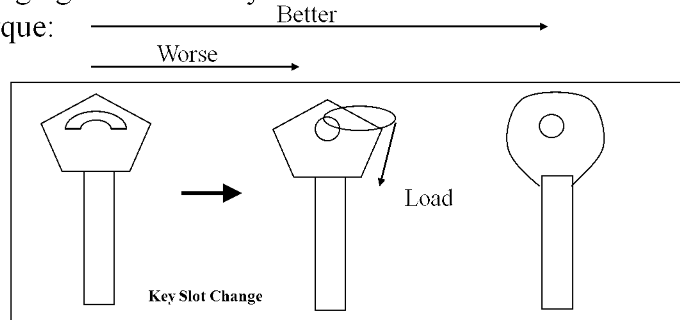
Shall a Lessons Learned Request be sent?	○ Yes ○ No
Step when issue was flagged as Lessons Learned:	
Flagged by:	
Standard Work Element:	
Lesson Learned Number:	
Has the issue been entered in the Lessons Learned database?	○ Yes ● No

Document Information	
Document created by:	
Last Modified by	

GMX001 Lock Module Detent in RUN

Containment Solution

➢ Changing slot in the key in order to reduce lever arm and thus the torque:



✓It was determined that the lever arm is still present due to fob ring. This may even cause a higher pulling load if fob ring is wedged between the slot and the sharp corner of key.

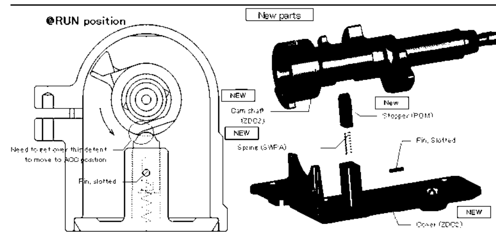
✓Can be considered as a containment if the shape of key is changed to round corners

1

GMX001 Lock Module Detent in RUN

Partial Solution Design Concept

- Detent between lock cover and cam shaft:



✓ Partial solution based on engineering judgment. No experimental verification that detent is sufficient.

✓ If chosen, will drive changes and tuning efforts in ignition switch in order to avoid double detent feel.

✓ Design has to become common between Delta, Theta and Kappa

✓ Can be combined with the new ignition switch presently sourced for GMT191/2/3 for better detent

2

GMX001 Lock Module Detent in RUN

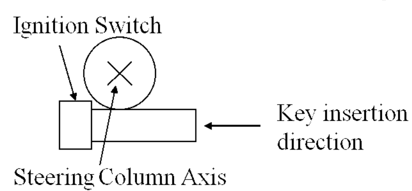
Sure Solution Description

➢ Change from a low mount to a high mount lock module.

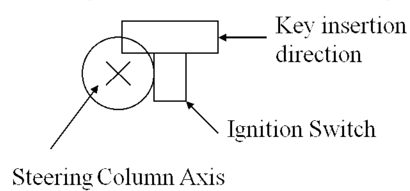
✓ It will considerably reduce the possibility of the key/key fob being pulled by driver

✓ Can be combined with gear driven ignition switch design (Additive internal friction → more detent)

Low Mount Lock Housing

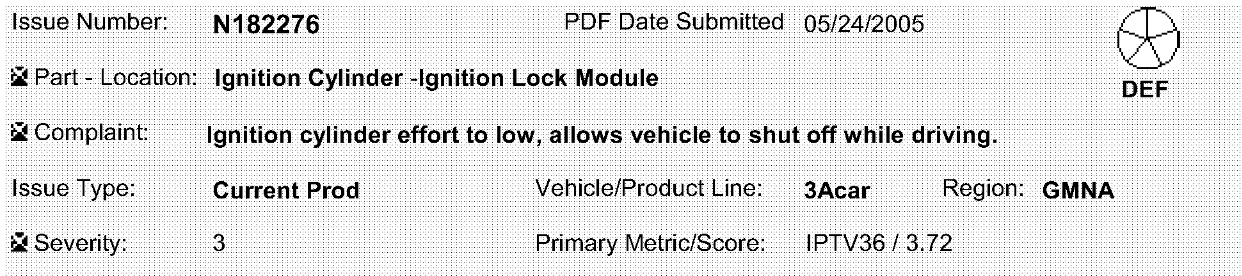


High Mount Lock Housing



3

Exhibit 5



Issue Number: **N182276** PDF Date Submitted 05/24/2005 DEF

Part - Location: **Ignition Cylinder -Ignition Lock Module**

Complaint: **Ignition cylinder effort to low, allows vehicle to shut off while driving.**

Issue Type: **Current Prod** Vehicle/Product Line: **3Acar** Region: **GMNA**

Severity: 3 Primary Metric/Score: IPTV36 / 3.72

7. Business case unacceptable

Vehicle / Product Description

Primary Project No:	Cobalt	Model Year:	2005
Other Project No(s):		Model Year Qtr:	
Vehicle/Prop. #:		Model Code:	
Marketing Division:	Chevrolet	Hardware Stage:	
Marketing Region(s):		(VIN) Vehicle ID #:	1G1AL52F2575350 56
Engine(s):		Transmission(s):	
Engine Serial #:		Transmission Serial #:	
Drive Type(s):		Option(s):	
Steering:	LHD	PIMREP No:	

Odometer Reading or Range in (Miles) from to

Part / Supplier Information

1st Level (VPPS):	2nd Level (VPPS):	3rd Level (VPPS):	4th Level (VPPS):
20 Chassis	1 Steering	4 Steering Column	1 Jacket

UPC:	FNA:	Part Name:	Part Number:
-	-	Ignition Switch	-

Supplier(s) Name:	DUNS Code(s):	Part Year:	Drawing Revision Date:
-	-	-	01/01/1900

Suspect Part(s) available?	Location of Suspect Part(s)	PIM (EPS/PAD)	EPN
○ Yes ● No			

Incident Description

Date first reported:	10/29/2004	Complaint Category:	Incorrect Operation
Incident Discovered by:	Steve Oakley	Discoverer's Dept:	Product Problem Resolution
Discoverer's Phone:	[redacted]	Plants w/ same Problem:	

Source Level 1:	Source Level 2:	Source Level 3:

Incident Description: (Give detailed description of incident)

Customer concern that the vehicle ignition will turn off while driving. This issue was also addressed in PRTS

N172404, which was closed as business case unacceptable. Due to the level of buyback activity that is developing in the field, Brand Quality requests the issue be reopened.

Preliminary Root Cause: (Give preliminary Root Cause if known, do not speculate!)

Unknown

Potential Root Cause Champion: (Select potential Root Cause Champion.)

Re-Assign	Potential Champion
Department :	Chassis & Powertrain *** Suspension - Steering - Structures & Mounts (Warren)
or:	
Name :	Gannon, Kevin G. Phone: Fax:

Evaluation Information (Test)

Procedure: (Test Schedule)	% Complete (Test Schedule):	Driving Conditions:	Environmental Conditions:
Odometer:	Vehicle Test:	Part Durability:	Part Test:

Containment

Plant Information

Description of Plant Containment:

Plant:	VIN:	Breakpoint Date:	Contact Person:	Tel. No:

Field Information

Description of Field Containment:

Breakpoint Date:	Contact Person:	Tel. No:

Involved Components

Component:	Plant:

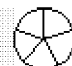
Originator Information

Document Originator:	Steven Oakley/US/GM/GMC		05/17/2005 12:37:25 AM
Location:		Phone:	
Dept.:	GM *** GMNA *** VSSM *** Service and Parts Operations *** Service Operations *** Product Problem Resolution *** Brand Quality Cars		

Document Information

Last Modified by	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:29 PM
History	BRAD I COOK/US/GM/GMC - 05/24/2005 06:29:29 AM BRAD I COOK/US/GM/GMC - 05/24/2005 06:29:27 AM BRAD I COOK/US/GM/GMC - 05/23/2005 08:59:08 AM Steven Oakley/US/GM/GMC - 05/16/2005 01:17:33 PM Steven Oakley/US/GM/GMC - 05/16/2005 11:51:38 AM Steven Oakley/US/GM/GMC - 05/16/2005 10:47:50 AM	

Issue Number: **N182276**


Impact

Part - Location:	Ignition Cylinder -Ignition Lock Module
Complaint:	Ignition cylinder effort to low , allows vehicle to shut off while driving .

Vehicle Line:	Prioritization Ranking by:	Priority Val.:	Bypass:	Link:
3Acar	**IPTV36**	**3.72**	**n**	

Other Vehicle/Product Line(s) involved:

Assessment of Customer Satisfaction Impact						
Customer Survey:		Customer Survey Category:		Customer Survey:	Customer Survey Category:	
Marketing Division / Vehicle Line	PPH	MY	Wave	PPH	MY	Wave
3A Total						
Not Applicable.						
Not Applicable..						
Not Applicable...						
Not Applicable....						
Not Applicable.....						
Not Applicable......						
Not Applicable.......						
Not Applicable........						
Not Applicable.........						
Not Applicable..........						
Powertrain 1						
Powertrain 2						
Powertrain 3						
Powertrain 4						
Report Date:			Customer Survey Specialist:			
Customer Survey Comments:						

Assessment of impact on warranty			
Sales Region:		Currency:	$US

Labor Codes:	
Primary:	N9995
2nd Labor Code:	
3rd Labor Code:	
4th Labor Code:	
5th Labor Code:	

		Months in service						
Measure	Marketing Division / Vehicle Line	0	2	6	12	24	36	Model Year
IPTV	3A Total	0	1.4	0	8.3	0	12.4	

IPTV	Not Applicable.	0	0	0	0	0	0	
IPTV	Not Applicable..	0	0	0	0	0	0	
IPTV	Not Applicable...	0	0	0	0	0	0	
IPTV	Not Applicable....	0	0	0	0	0	0	
IPTV	Not Applicable.....	0	0	0	0	0	0	
IPTV	Not Applicable......	0	0	0	0	0	0	
IPTV	Not Applicable.......	0	0	0	0	0	0	
IPTV	Not Applicable........	0	0	0	0	0	0	
IPTV	Not Applicable.........	0	0	0	0	0	0	
IPTV	Not Applicable..........	0	0	0	0	0	0	
IPTV	Powertrain 1	0	0	0	0	0	0	
IPTV	Powertrain 2	0	0	0	0	0	0	
IPTV	Powertrain 3	0	0	0	0	0	0	
IPTV	Powertrain 4	0	0	0	0	0	0	
Cost / Vehicle	3A Total	0.005	0.03	0	0.18	0	0.27	
Cost / Vehicle	Not Applicable.	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable...	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..........	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 1	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 2	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 3	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 4	0	0	0	0	0	0	

Solution Effectiveness (%):	
Report Date:	Warranty Specialist:
Warranty Comments:	

Please enter N9995 as the primary labor code.
Warranty Impact

	Zero Day CPV	2 mis IPTV	2 mis CPV	12 mis IPTV	12 mis CPV	36 mis IPTV	36 mis CPV
3A Total	$0.005	1.4	$0.03	8.3	$0.18	12.4	$0.27

Assessment of internal measurements

Plant	% Direct Run Improvement (< 100)	GCA Value	GM Rating	Ergonomics	Productivity

Report Date:	
Owner of Information:	

Assessment of Aftersales Impact

FPR No.: 1462/2005/US

Metric:	**No of Cases:**	**Comments:**
TAC:		
CAC:		
Buybacks:		
FPR:	1	

Cost Reduction

Type of Cost Reduction:		Tracking Number:	

Marketing Division / Vehicle Line	Amount of Reduction ($US):
3A Total	0
Not Applicable.	0
Not Applicable..	0
Not Applicable...	0
Not Applicable....	0
Not Applicable.....	0
Not Applicable......	0
Not Applicable.......	0
Not Applicable........	0
Not Applicable.........	0
Not Applicable..........	0
Powertrain 1	0
Powertrain 2	0
Powertrain 3	0
Powertrain 4	0
Report Date:	
Cost Reduction Comments:	

Risk Assessment Number / FMEA

Marketing Division / Vehicle Line	**FMEA Severity:**	**FMEA Occurrence:**	**FMEA Detection:**
3A Total			
Not Applicable.			
Not Applicable..			
Not Applicable...			
Not Applicable....			

Not Applicable.....			
Not Applicable......			
Not Applicable.......			
Not Applicable........			
Not Applicable.........			
Not Applicable..........			
Powertrain 1			
Powertrain 2			
Powertrain 3			
Powertrain 4			

Regional Information

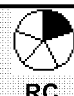
Description	Value	Description	Value
Physical Test		Issue Resolution Team Approval Date	
GMM ICE PPH		4	
5		CTF Repeat Occurrences	
ZDW Plant&Value		8	
Direct Run Loss		PDT	
Highlight Number		12	
13		Build Sequence	
15		16	
Sequence Number		18	
Local		Feedback Owner	

Document Information

Document created by:	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:22 PM
Last Modified by		

Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**



RC

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

Assign Root Cause Champion

Department:	Champion:
Body Component *** Latching Systems	Fannon, Joseph - Phone: [redacted] Fax: [redacted]

Nomination Comments: Craig St. Pierre Champion Designee.

Champion History:

Assign Root Cause Champion Designee

Department:	Champion:
Body Component *** Latching Systems	St Pierre, Craig - Phone: [redacted] Fax: [redacted]

Champion Designee History:

Assign Root Cause External Designee

Assignment Date:	Department : Name :	External Designee:

External Designee History:

Root Cause Analysis

Target Date:	Actual Date:	Actual date reported by champion:
06/23/2005	09/13/2005	

Description of Root Cause Investigation Progress and Verification:

Author: Joseph R. MansonII/US/GM/GMC on 18-Aug-2005 10:13

Per Al Manzor's comments, this item has been closed without action. Code 19-part met requirements.

Author: Joseph R. MansonII/US/GM/GMC on 18-Aug-2005 10:23

Correction to previous, solution (smaller key ring) is scheduled to be implemented and will be monitored through feedback process. Additional solution set(s) were rejected previously due to unacceptable business case. Brad, please move this PRTS to closed status.

Author: Craig St Pierre/US/GM/GMC on 13-Sep-2005 9:36

Detent efforts on ignition switch are too low allowing key to be cycled to off position inadvertently.

Changes to key can be made to reduce the moment which can be applied to key by key ring/keys. This will assist in limiting the issue but will not completely eliminate it. Changes to switch will not be forthcoming from electrical group until MY07.

Problem Solving Methodology:
Document the Solving Process seen as appropriate

Other Statistical Methods

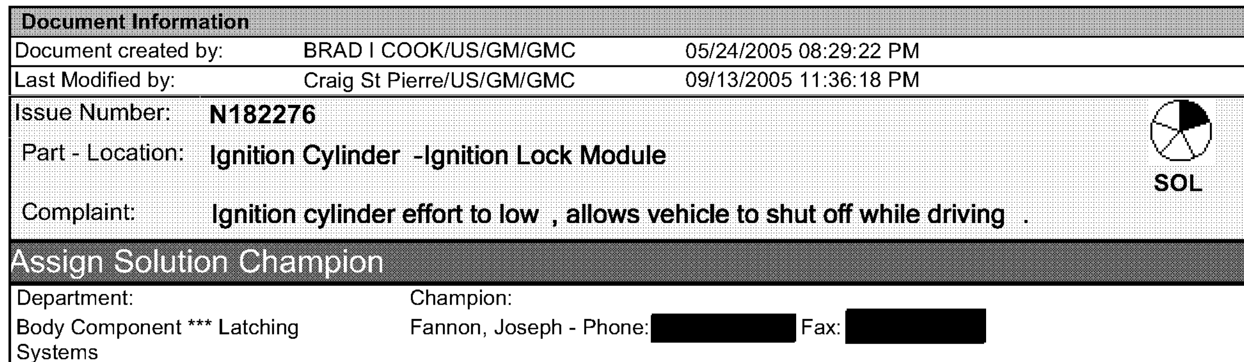
Potential Solution Champion / Department:

Department: or Name:	Potential Champion: Body Component *** Latching Systems Fannon, Joseph Phone: [redacted] Fax: [redacted]

Problem mainly caused by:	Field Remedy Requested?
Engineering	No

Root Cause Summary:

Changes will be made to key to help limit the issue.



Document Information		
Document created by:	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:22 PM
Last Modified by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:36:18 PM

Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

SOL

Assign Solution Champion

Department:	Champion:
Body Component *** Latching Systems	Fannon, Joseph - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Solution Champion Designee

Department:	Champion:
Body Component *** Latching Systems	St Pierre, Craig - Phone: [redacted] Fax: [redacted]

Champion Designee History:

Assign Solution External Designee

Assignment Date:	Department: Name:	Champion Designee:

External Designee History:

Develop Solution / Make Decision on Solution

Target Date:	Actual Date:	Actual date reported by champion:
10/13/2005	09/13/2005	

☒ Description of Solution Investigation Progress and Verification:

Author: Craig St Pierre/US/GM/GMC on 13-Sep-2005 9:43

Slot in key head to be modifed to a hole. A smaller key ring (13mm dia) will also be used to assist in limiting the problem.

Aftersales Field Fix:	N/A

EWO			
EWO #:	Approval / Release Date (i.e. CAB, etc):	Validation Part Availability Date:	TID (Target Implementation Date) of EWO:
CAHTZ	06/27/2005	09/30/2005	10/17/2005
EWO Comment:			

EWO Part Actions			
New Part Number Required?	New Part Number		
● Yes ○ No	15839371		
Stock Disposition Domestic	Stock Disposition Export	Service Disposition (Retailer)	Service Interchange
Use all Stock	N/A	Use Elsewhere	Only New for Old
Exchange Aftersales Warehouse Parts according to Engineering/VLDM decision?			
Department: or Name:	Potential Champion: Body Component *** Latching Systems Fannon, Joseph Phone: [redacted] Fax: [redacted]		

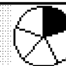
Summary
Solution Type

2. Design change without new requirement / specification
Solution Summary:
Key ring slot in key changed to hole and use of a 13mm key ring.

Document Information

Document created by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:36:13 PM
Last Modified by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:43:20 PM

Issue Number:	**N182276**
Part - Location:	**Ignition Cylinder -Ignition Lock Module**
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**


IMP

Assign Implementation Champion

Department:	Champion:
Body Hardware Components *** Door Hardware	Kepczynski, David B. - Phone: [redacted]

Assign Implementation Champion Designee

Department:	Champion:
Body Component *** Latching Systems	St Pierre, Craig - Phone: [redacted] Fax: [redacted]

Assign Implementation Champion Designee

Company:	External Designee:

Implement Solution

Target Date:	Actual Date:	Actual date reported by champion:
10/13/2005	09/07/2006	

Description of Implementation:

Author: Craig St Pierre/US/GM/GMC on 06-Mar-2006 11:34

Cancelled - business case not supported.

Author: David B. Kepczynski/US/GM/GMC on 07-Sep-2006 18:54

----- Forwarded by David B. Kepczynski/US/GM/GMC on 09/07/2006 06:49 PM -----

Craig St Pierre/US/GM/GMC
09/07/2006 11:59 AM

To David B. Kepczynski/US/GM/GMC[redacted]
cc Ralph P Madison/US/GM/GMC[redacted] BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]
Subject Re: N182276 Ignition Cylinder -Ignition Lock Module

David,

The EWO cadence is ok.

Ralph can we get this closed for David today?

Craig

-----David B. Kepczynski/US/GM/GMC wrote: -----

To: Ralph P Madison/US/GM/GMC[redacted]
From: David B. Kepczynski/US/GM/GMC
Date: 09/07/2006 07:01AM
cc: BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted] Craig St

Pierre/US/GM/GMC[redacted]
Subject: Re: N182276 Ignition Cylinder -Ignition Lock Module

Craig St Pierre > Please confirm the WO cadence, below, and that we are back to the appropriate part level. NO TWO's or mixed part release.

Ralph > My recommendation is to close, business case not accepted by program team.

Let me know if we can do this today - and it will be off the agenda for tomorrow's CPIT.

thks.
David K.
Ralph P Madison/US/GM/GMC

Ralph P Madison/US/GM/GMC
09/06/2006 01:20 PM

To David B. Kepczynski/US/GM/GMC[redacted]

cc BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]

Subject Re: N182276 Ignition Cylinder -Ignition Lock Module

Progression of work orders... which looks like ending up being reversals to old p/n?

Work order CAHTZ, with CCTVP 07SOP & 550144 (now cancelled), changed to CAHTZC changed to CCTVPA.

I may have the wrong order. However, it looks like after all is said and done, reverts back to old p/n.

If correct, then should be closed w/o action... business case.

Ralph
Phone: [redacted]
David B. Kepczynski/US/GM/GMC

David B. Kepczynski/US/GM/GMC
09/06/2006 12:05 PM

To Ralph P Madison/US/GM/GMC[redacted] BRAD I COOK/US/GM/GMC[redacted]

cc David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]

Subject N182276 Ignition Cylinder -Ignition Lock Module

Ralph/Brad -

I see that this issue is on this Friday's CPIT.

A service fix is already available and in the field.

Craig StPierre/David Trush had a WO to implement into production, but the program team cancelled - business case not acceptable.

The WO was cancelled back in March of 2006 - and the PRTS was updated at that time.

I just spoke to Joe Manson - and we believe the PRTS should have been closed.

What is the next step?

I believe the discussing this in CPIT will only further confuse matters.

Can we close today?

David K.

Breakpoint(s)

Plant:	Date:	VIN / Val Vehicle #:

Breakpoint(s) Involved Components

Plant*Component / Supplier*Part:	Serial - No:	Date Breakpoint:

Component/Part:	Plant / Supplier:	Serial - No:	Breakpoint:

Department : or Name :	Potential Champion:

Service Bulletin

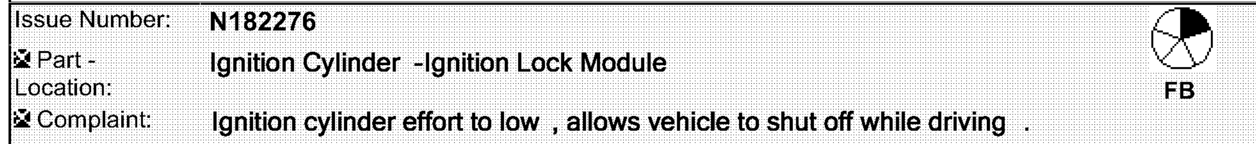
Service Bulletin Requested:	Service Bulletin #:	Bulletin Release Date:	Applicable Region/Country:
Service Bulletin Name/Desc.:			

Summary

Implementation Summary:

Document Information

Document created by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:43:14 PM
Last Modified by:	David B. Kepczynski/US/GM/GMC	09/08/2006 08:54:58 AM



Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

FB

Assign Feedback Champion

Department: Champion:

Assign Feedback Champion Designee

Department: Champion:

Assign Feedback External Designee

Company: External Designee:

Feedback

Target Date: Actual Date: Actual date reported by champion:

Did the Solution fix the problem?

○ Yes ○ No

Copy of the data analysis to support the above conclusion:

Feedback Summary:

Document Information
Document created by:
Last Modified by:

Issue Number:	**N182276**	Field Remedy
Part - Location:	**Ignition Cylinder -Ignition Lock Module**	
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**	

Assign Field Remedy Champion

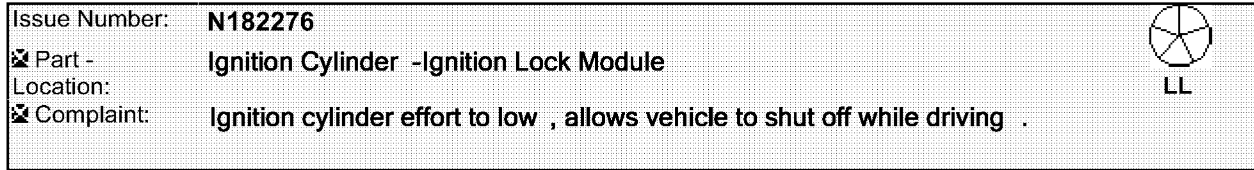
Department:	Champion:

Field Remedy

Field Remedy Comment:

Last Break Point		
Date	VIN / Part Number	Measure

Document Information	
Document created by:	
Last Modified by	



Issue Number:	**N182276**
Part - Location:	**Ignition Cylinder -Ignition Lock Module**
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**

LL

Solution for new Design / Project

Shall a Lessons Learned Request be sent?	◯ Yes ◯ No
Step when issue was flagged as Lessons Learned:	
Flagged by:	
Standard Work Element:	
Lesson Learned Number:	
Has the issue been entered in the Lessons Learned database?	◯ Yes ● No

Document Information	
Document created by:	
Last Modified by	

Exhibit 6

Service Bulletin

File In Section: 02 - Steering

Bulletin No.: 05-02-35-007

Date: December, 2005

INFORMATION

Subject: **Information on Inadvertent Turning of Key Cylinder, Loss of Electrical System and No DTCs**

Models: **2005-2006 Chevrolet Cobalt**
2006 Chevrolet HHR
2005-2006 Pontiac Pursuit (Canada Only)
2006 Pontiac Solstice
2003-2006 Saturn ION

There is potential for the driver to inadvertently turn off the ignition due to low ignition key cylinder torque/effort.

The concern is more likely to occur if the driver is short and has a large and/or heavy key chain. In these cases, this condition was documented and the driver's knee would contact the key chain while the vehicle was turning and the steering column was adjusted all the way down. This is more likely to happen to a person who is short, as they will have the seat positioned closer to the steering column.

In cases that fit this profile, question the customer thoroughly to determine if this may the cause. The customer should be advised of this potential and should take steps to prevent it – such as removing unessential items from their key chain.

Engineering has come up with an insert for the key ring so that it goes from a "slot" design to a hole design. As a result, the key ring cannot move up and down in the slot any longer – it can only rotate on the hole. In addition, the previous key ring has been replaced with a smaller, 13 mm design. This will result in the keys not hanging as low as in the past.

Parts Information

Part Number	Description
15842334	Cover, Dr Lk & Ign Lk Key

GM bulletins are intended for use by professional technicians, NOT a "do-it-yourselfer". They are written to inform these technicians of conditions that may occur on some vehicles, or to provide information that could assist in the proper service of a vehicle. Properly trained technicians have the equipment, tools, safety instructions, and know-how to do a job properly and safely. If a condition is described, DO NOT assume that the bulletin applies to your vehicle, or that your vehicle will have that condition. See your GM dealer for information on whether your vehicle may benefit from the information.

WE SUPPORT VOLUNTARY TECHNICIAN CERTIFICATION

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Exhibit 7

EX-99.1 2 ex-9910317204pr.htm EXHIBIT - PRESS RELEASE

For Immediate Release: Monday, March 17, 2014

GM Redoubles Safety Efforts, Announces New Recalls

- **2009-2014 Chevrolet Express and GMC Savana to get reworked instrument panel material to meet compliance for unbelted passengers**
- **2013 and some 2014 Cadillac XTS models to be repaired to prevent possible brake booster corrosion that may result in overheating**
- **Some 2008-2009 and all 2010-2013 Buick Enclave and GMC Acadia, some 2009 and all 2010-2013 Chevrolet Traverse, and some 2008-2009 and all 2010 Saturn Outlook to repair the wiring harness of seat mounted side air bags**

DETROIT - As a result of Mary Barra's request for a comprehensive internal safety review following the ignition switch recall, General Motors today announced three separate recalls involving U.S. production and sales of approximately:

- 303,000 Chevrolet Express and GMC Savana from the 2009-2014 model years with gross vehicle weight under 10,000 pounds
- 63,900 Cadillac XTS full-size sedan from the 2013 and 2014 model years
- 1.18 million Buick Enclave and GMC Acadia models from the 2008-2013 model years, Chevrolet Traverse from the 2009-2013 model years, and Saturn Outlook from the 2008-2010 model years

"I asked our team to redouble our efforts on our pending product reviews, bring them forward and resolve them quickly," said Mary Barra, GM CEO. "That is what today's GM is all about."

The full-size vans with gross vehicle weights of 10,000 pounds or less do not comply with a head impact requirement for unrestrained occupants, requiring a rework of the passenger instrument panel material.

Unsold vehicles have been placed on a stop delivery until development of the solution has been completed and parts are available. Customers will be notified at that time. Repairs will be made at no charge to customers.

In the XTS, a brake booster pump can create positive pressure within the wiring harness attached to the pump relay. This pressure can lead to the dislodging of a plug in the brake booster pump relay, allowing corrosive elements to enter the connector and form a low-resistance short that could lead to overheating, melting of plastic components and a possible engine compartment fire.

GM is aware of two engine compartment fires in unsold vehicles at dealerships and two cases of melted components.

With respect to the Enclave, Traverse, Acadia and Outlook, the vehicles are equipped with a Service Air Bag warning light in the driver information center. Ignoring the Service Air Bag warning light will eventually result in

the non-deployment of the side impact restraints, which include driver and passenger seat-mounted side air bags, front center air bag (if equipped), and the seat belt pretensioners.

To repair the condition, dealers will remove the driver and passenger side air bag wiring harness connectors and splice and solder the wires together.

"Today's announcement underscores the focus we're putting on the safety and peace of mind of our customers. We are conducting an intense review of our internal processes and will have more developments to announce as we move forward," Barra said.

GM expects to take a charge of approximately $300 million in the first quarter primarily for the cost of the repairs for the three safety actions and the previously announced ignition switch recall.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

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Exhibit 8

EX-99.1 2 ex-99105152014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

For Immediate Release: Thursday, May 15, 2014

GM Announces Five Safety Recalls

DETROIT - General Motors said Thursday it has informed the National Highway Traffic Safety Administration of five safety recalls covering about 2.7 million vehicles in the United States. The recalls cover:

- 2,440,524 previous generation passenger cars for taillamp malfunctions
- 111,889 previous generation Chevrolet Corvettes for loss of low-beam head lamps
- 140,067 Chevrolet Malibus from the 2014 model year for hydraulic brake booster malfunctions
- 19,225 Cadillac CTS 2013-2014 models for windshield wiper failures
- 477 full-size trucks from the 2014 and 2015 model years for a tie-rod defect that can lead to a crash

"Customer safety is at the heart of how GM designs and produces vehicles, and these announcements are examples of two ways we are putting that into practice," said Jeff Boyer, vice president of GM Global Vehicle Safety.

"We have redoubled our efforts to expedite and resolve current reviews in process and also have identified and analyzed recent vehicle issues which require action. These are examples of our focus to surface issues quickly and promptly take necessary actions in the best interest of our customers."

The largest recall involves 2004-2012 Chevrolet Malibu, 2004-2007 Chevrolet Malibu Maxx, 2005-2010 Pontiac G6 and 2007-2010 Saturn Auras model cars in U.S. to modify the brake lamp wiring harness.

Affected vehicles could have corrosion develop in the wiring harness for the body control module due to micro-vibration. The condition could result in brake lamps failing to illuminate when the brakes are applied or brake lamps illuminating when the brakes are not engaged. Additionally, cruise control, traction control, electronic stability control and panic braking assist operation could be disabled.

GM is aware of several hundred complaints, 13 crashes and two injuries but no fatalities as a result of the condition. The company issued a technical service bulletin in 2008 and conducted a safety campaign for a small population of 2005 model year vehicles in January 2009.

The second safety recall covers 111,889 Chevrolet Corvettes from the 2005-2007 model years for potential loss of low-beam headlamp operation Models from 2008-2013 will be covered under a Customer Satisfaction Program. All repairs will be at no cost to customers.

When the engine is warm, the underhood electrical center housing could expand, causing the headlamp low-beam relay control circuit wire to bend slightly. After the wire is repeatedly bent, it can fracture and separate. When this occurs, the low-beam headlamps will not illuminate. As the housing cools and contracts, the low-beam headlamp function may return. This condition does not affect the high-beam headlamps, marker lamps, turn signals, daytime

running lamps or fog lamps. Loss of low beam headlamps when they are required could reduce the driver's visibility, increasing the risk of a crash.

GM is aware of several hundred complaints as result of the condition but no crashes, injuries or fatalities.

The third recall covers 140,067 Chevrolet Malibus from the 2014 model year with 2.5L engines and stop/start technology. These vehicles are subject to the disabling of hydraulic brake boost that can require greater pedal efforts and extended stopping distances. Dealers will reprogram the electronic brake control module. The issue was discovered in testing of a future model with similar technology. GM is aware of four crashes but it is not clear that these are related to the condition. No injuries are known from those crashes.

The fourth recall covers 19,225 Cadillac CTS from the 2013-2014 model year for a condition in which the windshield wiper system may become inoperable after a vehicle jump start with wipers active and restricted, such as by ice and snow. Potential lack of visibility could increase the risk of a crash. Dealers will replace the front wiper module free of charge. GM is unaware of any crashes or injuries due to the condition.

The fifth recall involves certain 2014 Chevrolet Silverado and GMC Sierra light duty pickups and 2015 model year Chevrolet Tahoe SUVs. The tie rod threaded attachment to the steering gear rack in these vehicles may not be tightened to specification. With this condition, the tie rod can separate from the steering rack and a crash could occur without prior warning. Customers are being contacted and told to have their vehicles taken by flatbed to their dealer, where the inner tie rods will be inspected for correct torque, and, if necessary, the steering gear will be replaced. The repair procedure was being sent to dealers and owner letters sent by overnight mail to customers on May 14. The issue was discovered and corrected during assembly after the small number of vehicles was released.

GM expects to take a charge of up to approximately $200 million in the second quarter, primarily for the cost of recall-related repairs announced in the quarter.

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Forward-Looking Statements

In this press release and in related comments by our management, our use of the words “expect,” “anticipate,” “possible,” “potential,” “target,” “believe,” “commit,” “intend,” “continue,” “may,” “would,” “could,” “should,” “project,” “projected,” “positioned” or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.

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Kevin Kelly
GM Communications.
313-316-9742

kevin.m.kelly@gm.com

Exhibit 9

EX-99.1 2 ex-99106162014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

For Immediate Release: Monday, June 16, 2014

GM Will Rework or Replace Keys on 3.16 Million U.S. Cars

DETROIT - General Motors will rework or replace the ignition keys on about 3.16 million 2000 to 2014 model year cars in the U.S. because the ignition switch may inadvertently move out of the “run” position if the key is carrying extra weight and experiences some jarring event.

The use of a key with a hole, rather than a slotted key, addresses the concern of unintended key rotation due to a jarring road event, such as striking a pothole or crossing railroad tracks.

Only one of the models included in the U.S. recall of 3,160,725 cars is still in production - the previous generation Chevrolet Impala, which is sold to daily rental fleets as the Impala Limited. The total North America population - U.S., Canada, Mexico and exports - is 3,360,555.

The safety recall follows a review of ignition issues following the recall in February of 2.6 million Chevrolet Cobalts and other small cars. GM is aware of eight crashes and six injuries related to this recall.

If the ignition switch moves out of the “run” position, there is an effect on power steering and power braking. In addition, the timing of the key movement out of the “run” position, relative to the activation of the sensing algorithm of the crash event, may result in the air bags not deploying.

The cars being recalled are the:

Buick Lacrosse	MY 2005-2009
Chevrolet Impala	MY 2006-2014
Cadillac Deville	MY 2000-2005
Cadillac DTS	MY 2004-2011
Buick Lucerne	MY 2006-2011
Buick Regal LS & GS	MY 2004-2005
Chevy Monte Carlo	MY 2006-2008

In these vehicles, the ignition switch may be unable to handle extra weight hanging on a slotted key. GM will add an insert to the ignition keys of the recalled vehicles to close the slot and leave a 4x6-millimeter hole through which the key ring could be attached. In vehicles where the key cover has been worn, new keys with holes instead of slots will be provided free of charge.

Rework of the keys - adding key inserts - at GM dealerships is expected to begin in the next few weeks. Until the rework or replacement is completed, owners of the recalled cars are urged to remove additional weight from their

key chains and drive with only the ignition key.

In addition to the ignition key recall, GM also announced U.S. recalls for 165,770 vehicles in these five actions:

- 68,887 model year 2013-14 Cadillac ATS and 21,863 model year 2014 Cadillac CTS sedans. In certain vehicles with automatic transmissions, the shift cable may not be fully secured to the shifter bracket or

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transmission bracket. If the shift cable comes out of the brackets, the driver may not be able to shift the transmission in or out of gear. GM is unaware of any crashes or injuries related to this condition.

- 57,192 2015 Chevrolet Silverado 2500/3500 HD and 2015 GMC Sierra 2500/3500 GMC Sierra HD to inspect for proper attachment of power steering hose clamps to the power steering pump. If the vehicle is driven with the clamp unattached, the hose may disconnect from the pump or gear, causing a rapid loss of power steering fluid. This will result in loss of power steering assist and Hydro Boost powered brakes without warning. The vehicle would revert to manual brakes and manual steering. GM knows of no crashes or injuries from the condition. Dealers are to inspect power steering hose clamps in two locations to ensure they are properly attached.

- 16,932 model year 2011 Cadillac CTS sedans with AWD. On some vehicles, a gasket leak where the constant velocity joint meets the rear propeller shaft may cause the rear propeller shaft to separate or become loose, making contact with the vehicle floor above and causing the rollover sensor to deploy the roof rail air bags. GM is aware of 15 unintended deployments, but injury data is unclear.

- 712 model year 2014 Chevrolet Corvettes with optional Competition Sport Seats, because an unbelted child and door trim may block the passenger seat side air bag vent in a deployment. Dealers will replace the current air bag with a redesigned version. GM is unaware of any crashes or injuries related to this condition, but advises customers to not allow small children in the front seat until the vehicle is serviced.

- 184 model year 2014-15 Chevrolet Silverado and GMC Sierra full-size pickups with vinyl floors and accessory all-weather floor mats purchased new with the vehicle. The mats can slip under the driver’s feet because the vinyl floors have no attachments to secure them in place. Customers are advised take the floor mats to their dealer for a full refund. GM is unaware of any crashes or injuries related to the mats.

GM expects to take a charge of up to approximately $700 million in the second quarter for the cost of recall-related repairs announced in the quarter. This amount includes a previously disclosed $400 million charge for recalls announced May 15 and May 20.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

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Exhibit 10

EX-99.1 2 ex-99106302014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

For Immediate Release: Monday, June 30, 2014

GM Announces Six Safety Recalls

DETROIT - General Motors announced today it will conduct six new safety recalls in the United States involving about 7.6 million vehicles from the 1997 to 2014 model years.

"We undertook what I believe is the most comprehensive safety review in the history of our company because nothing is more important than the safety of our customers," said GM CEO Mary Barra. "Our customers deserve more than we delivered in these vehicles. That has hardened my resolve to set a new industry standard for vehicle safety, quality and excellence."

Among these recalled vehicles, GM is aware of seven crashes, eight injuries and three fatalities. The fatal crashes occurred in older model full-size sedans being recalled for inadvertent ignition key rotation. There is no conclusive evidence that the defect condition caused those crashes.

"We have worked aggressively to identify and address the major outstanding issues that could impact the safety of our customers," Barra said. "If any other issues come to our attention, we will act appropriately and without hesitation."

GM has made changes to every process that affects the safety of its vehicles, and the company has acted or will act on all 90 of the recommendations put forward by former U.S. Attorney Anton Valukas in his independent report to the company's Board of Directors.

GM expects to take a charge of up to approximately $1.2 billion in the second quarter for the cost of recall-related repairs announced in the quarter. This amount includes a previously disclosed $700 million charge for recalls already announced during the quarter.

Until the ignition recall repairs have been performed, it is very important that customers remove all items from their key ring, leaving only the vehicle key, and always use their seat belts. The key fob, if present, should also be removed from the key ring.

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Forward-Looking Statements

In this press release and in related comments by our management, our use of the words "expect," "anticipate," "possible," "potential,"

"target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies

and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.

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GM ANNOUNCES SIX RECALLS, JUNE 30, 2014

#	MY/MODELS	CONDITION	U.S. POPULATION	GMNA POPULATION
1	1997-2005 Chevrolet Malibu; 1998-2002 Oldsmobile Intrique; 1999-2004 Oldsmobile Alero; 1999-2005 Pontiac Grand Am; 2000-05 Chevrolet Impala and Monte Carlo; 2004-08 Pontiac Grand Prix	Unintended ignition key rotation	6,805,679	7,610,862
2	2003-14 Cadillac CTS, 2004-06 Cadillac SRX	Unintended ignition key rotation	554,328	616,179
3	2011-14 Chevrolet Cruze; 2012-14 Chevrolet Sonic; 2013-14 Chevrolet Trax, Buick Encore and Verano	On certain vehicles, insulation on the engine block heater power cord (if equipped) may become damaged during very cold conditions.	2,990	20,134
4	2014 Chevrolet Camaro and Impala, Buick Regal, Cadillac XTS	Some vehicles may not have had a "Superhold" joint fastener torqued to specification at the assembly plant.	106	117
5	2007-11 Chevrolet Silverado HD, GMC Sierra HD equipped with an auxiliary battery	An overload in the feed may cause the underhood fusible link to melt due to electrical overload, resulting in potential smoke or flames that could damage the electrical center cover and/or the nearby wiring harness conduit.	9,371	12,008
6	2005-07 Buick Rainier, Chevrolet TrailBlazer, GMC Envoy, Isuzu Ascender, Saab 9-7x; 2006 Chevrolet TrailBlazer EXT, GMC Envoy XL	A possible electrical short in the driver's door module that could disable the power door lock and window switches and, in rare cases, overheat the module.	181,984	188,705
			U.S.TOTAL	**GMNA TOTAL**
			7,554,458	**8,448,005**

Exhibit 11

10-K 1 d10k.htm FORM 10-K

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 333-160471

GENERAL MOTORS COMPANY

(Exact Name of Company as Specified in its Charter)

STATE OF DELAWARE *(State or other jurisdiction of Incorporation or Organization)*	**27-0756180** *(I.R.S. Employer Identification No.)*
300 Renaissance Center, Detroit, Michigan *(Address of Principal Executive Offices)*	**48265-3000** *(Zip Code)*

Company's telephone number, including area code
(313) 556-5000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the company is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the company (1) has filed all reports required to be filed by Section 13 or 15(d) 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 ☐ No ☑

Indicate by check mark whether the registrant has submitted electronically and posted on its company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☑ No ☐

Indicate by check mark whether the company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
Do not check if smaller reporting company

Indicate by check mark whether the company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of March 15, 2010, the number of shares outstanding of $0.01 par value common stock was 500,000,000 shares.

Table of Contents

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM,” and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as “Old GM.” Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods after July 10, 2009 as “MLC.” MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities. Refer to Note 1 to the consolidated financial statements for additional information.

We are a private company and were not previously subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. We are a voluntary filer with the Securities and Exchange Commission (SEC). We are filing an Annual Report on Form 10-K for the year ended December 31, 2009, a Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and a Registration Statement on Form 10 pursuant to an agreement with the SEC Staff, as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of MLC.

Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes.

The 363 Sale resulted in a new entity, General Motors Company, which is the successor entity solely for accounting and financial reporting purposes. Because we are a new reporting entity, our financial statements are not comparable to the financial statements of Old GM.

Table of Contents

INDEX

		Page
	PART I	
Item 1.	Business	1
Item 1A.	Risk Factors	22
Item 1B.	Unresolved Staff Comments	31
Item 2.	Properties	32
Item 3.	Legal Proceedings	32
Item 4.	Reserved	35
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	36
Item 6.	Selected Financial Data	39
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	117
Item 8.	Financial Statements and Supplementary Data	122
	Consolidated Statements of Operations	122
	Consolidated Balance Sheets	123
	Consolidated Statements of Cash Flows	124
	Consolidated Statements of Equity (Deficit)	126
	Notes to Consolidated Financial Statements	128
	Note 1. Nature of Operations	128
	Note 2. Chapter 11 Proceedings and the 363 Sale	128
	Note 3. Basis of Presentation	146
	Note 4. Significant Accounting Policies	147
	Note 5. Acquisition and Disposal of Businesses	160
	Note 6. Marketable Securities	163
	Note 7. Securitizations	165
	Note 8. Inventories	165
	Note 9. Equipment on Operating Leases, net	166
	Note 10. Equity in Net Assets of Nonconsolidated Affiliates	167
	Note 11. Property, net	171
	Note 12. Goodwill	173
	Note 13. Intangible Assets, net	174
	Note 14. Restricted Cash	175
	Note 15. Other Assets	175
	Note 16. Variable Interest Entities	176
	Note 17. Accrued Expenses, Other Liabilities and Deferred Income Taxes	180
	Note 18. Short-Term and Long-Term Debt	181
	Note 19. Pensions and Other Postretirement Benefits	192
	Note 20. Derivative Financial Instruments and Risk Management	217
	Note 21. Commitments and Contingencies	224
	Note 22. Income Taxes	233
	Note 23. Fair Value Measurements	241
	Note 24. Restructuring and Other Initiatives	245
	Note 25. Impairments	249
	Note 26. Other Expenses	255
	Note 27. Stockholders' Equity (Deficit) and Noncontrolling Interests	255
	Note 28. Earnings (Loss) Per Share	258
	Note 29. Stock Incentive Plans	260
	Note 30. Transactions with GMAC	267
	Note 31. Transactions with MLC	272
	Note 32. Supplementary Quarterly Financial Information (Unaudited)	273
	Note 33. Segment Reporting	275
	Note 34. Supplemental Information for Consolidated Statements of Cash Flows	282
	Note 35. Subsequent Events	282

Table of Contents

		Page
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	285
Item 9A.	Controls and Procedures	285
Item 9B.	Other Information	287
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	288
Item 11.	Executive Compensation	297
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	326
Item 13.	Certain Relationships and Related Transactions and Director Independence	327
Item 14.	Principal Accountant Fees and Services	328
	PART IV	
Item 15.	Exhibits and Financial Statement Schedule	330
Signatures		

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Item 1. *Business*

Launch of General Motors Company

Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes. On June 1, 2009 Old GM and three of its domestic direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court). On July 10, 2009 in connection with the 363 Sale, we, through certain of our subsidiaries, acquired substantially all of the assets and assumed certain liabilities of Old GM. MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Through our purchase of substantially all of the assets and assumption of certain liabilities of Old GM in connection with the 363 Sale, we have launched a new company with a strong balance sheet, a competitive cost structure, and a strong cash position, which we believe will enable us to compete more effectively with our U.S. and foreign-based competitors in the U.S. and to continue our strong presence in growing global markets. In particular, we acquired Old GM's strongest operations and we believe we will have a competitive operating cost structure, partly as a result of recent agreements with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW).

In addition the formation of General Motors Company comes with a renewed vision to design, build and sell the world's best vehicles. In order to implement this renewed vision, a majority of our Board of Directors is comprised of directors that did not serve on Old GM's Board of Directors, and we have recently appointed new executive leadership, including our CEO and CFO. We have also recently installed a smaller executive committee, which meets more frequently than prior leadership committees, resulting in faster decision making and increased accountability.

Our executive leadership and our employees are committed to:

- Building our market share, revenue, earnings and cash flow with the goal of paying back in 2010 our loans from the UST and Export Development Canada (EDC), a corporation wholly-owned by the government of Canada;
- Improving the quality of our cars and trucks, while increasing customer satisfaction and overall perception of our products; and
- Continuing to take a leadership role in the development of advanced energy saving technologies, including advanced combustion engines, biofuels, fuel cells, hybrid vehicles, extended-range-electric vehicles, and advanced battery development.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

General

We develop, produce and market cars, trucks and parts worldwide. We do so through our three segments: General Motors North America (GMNA), General Motors Europe (GME) and General Motors International Operations (GMIO).

In the year ended 2009 vehicle sales, market share data and production volume combine our data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Total combined GM and Old GM worldwide vehicle sales in the year ended 2009 were 7.5 million. Old GM's total worldwide vehicle sales were 8.4 million and 9.4 million in the years ended 2008 and 2007. Substantially all of the cars, trucks and parts are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned. GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following core brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2009 we had equity ownership stakes directly or indirectly through various regional subsidiaries, including GM Daewoo Auto & Technology Co. (GM Daewoo), Shanghai General Motors Co., Ltd. (SGM), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW), and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

In addition to the products we sell to our dealers for consumer retail sales, we also sell cars and trucks to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through our network of dealers and in some cases directly by us. Our retail and fleet customers can obtain a wide range of aftersale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Brand Rationalization

We have focused our resources in the U.S. on four core brands: Chevrolet, Cadillac, Buick and GMC. As a result, we have sold our Saab brand and announced plans to phase out our Pontiac, Saturn and HUMMER brands. In connection with the rationalization of our brands, there is no planned investment for Pontiac, and the brand is expected to be phased out by the end of 2010.

Saturn

In September 2009 we decided to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Brand Rationalization" for a further discussion on the Saturn disposition.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

HUMMER

In February 2010 we announced that Tengzhong Heavy Industrial Machinery Co., Ltd. (Tengzhong), was unable to complete the acquisition of HUMMER and that we would proceed to wind down the HUMMER brand. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Brand Rationalization" for a further discussion on the HUMMER disposition.

Saab

In February 2010 we completed the sale of Saab to Spyker Cars NV. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Brand Rationalization" for a further discussion on the Saab disposition.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. Our plan includes specific capital requirements, restructuring initiatives, estimated 12 product launches in the next two years and emphasis on alternative propulsion technologies. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Opel/Vauxhall Restructuring Activities" for a further discussion on the Opel/Vauxhall operations long-term viability plan.

Vehicle Sales

The following tables summarize total industry sales of new motor vehicles of domestic and foreign makes and the related competitive position (vehicles in thousands):

	Vehicle Sales(a)(b) Years Ended December 31,								
	2009			2008			2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
United States									
Cars									
Midsize	2,288	518	22.7%	2,920	760	26.0%	3,410	884	25.9%
Small	2,051	202	9.8%	2,547	328	12.9%	2,605	381	14.6%
Luxury	778	69	8.8%	1,017	122	12.0%	1,184	157	13.3%
Sport	253	85	33.7%	272	48	17.7%	372	68	18.2%
Total cars	5,370	874	16.3%	6,756	1,257	18.6%	7,571	1,489	19.7%
Trucks									
Utilities	3,071	642	20.9%	3,654	809	22.1%	4,752	1,136	23.9%
Pick-ups	1,404	487	34.7%	1,993	738	37.0%	2,710	979	36.1%
Vans	583	68	11.7%	841	151	17.9%	1,119	219	19.6%
Medium Duty	178	13	7.1%	259	26	10.0%	321	44	13.7%
Total trucks	5,238	1,210	23.1%	6,746	1,723	25.5%	8,902	2,377	26.7%
Total United States	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
Canada, Mexico, and Other	2,464	400	16.2%	3,064	585	19.1%	3,161	650	20.6%
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Total Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Vehicle Sales (a)(b) Years Ended December 31,								
	2009			2008			2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
GMNA									
United States	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
Canada	1,482	254	17.2%	1,674	359	21.4%	1,691	404	23.9%
Mexico	774	138	17.9%	1,071	212	19.8%	1,146	230	20.1%
Other	208	7	3.5%	319	13	4.2%	325	16	4.8%
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GMIO									
China	13,671	1,826	13.4%	9,074	1,095	12.1%	8,457	1,032	12.2%
Brazil	3,141	596	19.0%	2,820	549	19.5%	2,463	499	20.3%
Australia	937	121	12.9%	1,012	133	13.1%	1,050	149	14.2%
Middle East Operations	1,053	117	11.1%	1,118	144	12.9%	1,276	136	10.7%
South Korea	1,455	115	7.9%	1,215	117	9.7%	1,271	131	10.3%
Argentina	517	79	15.2%	616	95	15.5%	573	92	16.1%
India	2,240	69	3.1%	1,971	66	3.3%	1,989	60	3.0%
Colombia	185	67	36.1%	219	80	36.3%	252	93	36.8%
Egypt	204	52	25.6%	262	60	23.1%	227	40	17.5%
Venezuela	137	49	36.1%	272	90	33.2%	492	151	30.7%
Other	8,817	235	2.7%	10,061	325	3.2%	10,123	289	2.9%
Total GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
GME									
Germany	4,049	382	9.4%	3,425	300	8.8%	3,482	331	9.5%
United Kingdom	2,223	287	12.9%	2,485	384	15.4%	2,800	427	15.2%
Italy	2,349	189	8.0%	2,423	202	8.3%	2,778	237	8.5%
Russia	1,494	142	9.5%	3,024	338	11.2%	2,707	260	9.6%
France	2,686	119	4.4%	2,574	114	4.4%	2,584	125	4.8%
Spain	1,075	94	8.7%	1,363	107	7.8%	1,939	171	8.8%
Other	4,951	455	9.2%	6,674	599	9.0%	6,832	632	9.2%
Total GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Total Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

(a) Vehicle sales above primarily represent vehicles manufactured or sold under a GM brand or through an owned distribution network. Under contractual agreements with SGMW and FAW-GM, joint venture vehicle sales in China are included in the vehicle sales and global market share above. Combined GM and Old GM joint venture vehicle sales in China included in the vehicle sales and market share data above was 1.0 million vehicles in the year ended 2009. Old GM's joint venture vehicle sales in China included in the vehicle sales and market share data above was 606,000 vehicles and 516,000 vehicles in the years ended 2008 and 2007. Consistent with industry practice, vehicle sales information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

(b) Totals may include rounding differences.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Fleet sales are comprised of vehicle sales to daily rental car companies, as well as leasing companies and commercial fleet and government customers. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. As part of our pricing strategy, particularly in the U.S., we have improved our mix of sales to specific customers.

The following table summarizes estimated fleet sales and the amount of those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2009	2008	2007
	Combined GM and Old GM	Old GM	Old GM
GMNA	590	953	1,152
GMIO	510	587	594
GME	540	769	833
Total fleet sales (a)	1,640	2,309	2,579
Fleet sales as a percentage of total vehicle sales	21.9%	27.6%	27.5%

(a) Fleet sale transactions vary by segment and some amounts are estimated.

The following table summarizes U.S. fleet sales and the amount of those sales as a percentage of total U.S. vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2009	2008	2007
	Combined GM and Old GM	Old GM	Old GM
Daily rental sales	307	480	596
Other fleet sales	207	343	412
Total fleet sales	514	823	1,008
Fleet sales as a percentage of total vehicle sales			
Cars	29.0%	34.8%	34.9%
Trucks	21.6%	22.4%	20.5%
Total cars and trucks	24.7%	27.6%	26.1%

Competitive Position

The global automotive industry is highly competitive. The principal factors that determine consumer vehicle preferences in the markets in which we operate include price, quality, available options, style, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

In the year ended 2009 combined GM and Old GM estimated worldwide market share was 11.6%. In 2009 the U.S. continued to be negatively affected by the economic factors experienced in 2008 as U.S. automotive industry sales declined 21.4% when compared to 2008. Despite this U.S. industry sales decline and the fact that the market share decreased from Old GM 2008 levels of 22.1%, combined GM and Old GM estimated U.S. market share of 19.6% was the highest among GM and Old GM's principal competitors.

Old GM's estimated worldwide market share was 12.4% and 13.2% in the years ended 2008 and 2007. In 2008 worldwide market share was severely affected by the recession in Old GM's largest market, the U.S., and the recession in Western Europe. Tightening of the credit markets, increases in the unemployment rate, declining consumer confidence as a result of declining household incomes and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

escalating public speculation related to Old GM's potential bankruptcy contributed to significantly lower vehicle sales in the U.S. These economic factors had a negative effect on the U.S. automotive industry and the principal factors that determine consumers' vehicle buying decisions. As a result, consumers delayed purchasing or leasing new vehicles which caused a decline in U.S. vehicle sales.

The following table summarizes the respective U.S. market shares in passenger cars and trucks:

	Years Ended December 31,		
	2009	2008	2007
GM (a)	19.6%	22.1%	23.5%
Toyota	16.7%	16.5%	15.9%
Ford	15.9%	14.7%	15.2%
Honda	10.8%	10.6%	9.4%
Chrysler	8.8%	10.8%	12.6%
Nissan	7.3%	7.0%	6.5%
Hyundai/Kia	6.9%	5.0%	4.7%

(a) Market share data in the year ended 2009 combines our market share data in the period July 10, 2009 through December 31, 2009 with Old GM's market share data in the period January 1, 2009 through July 9, 2009 for comparative purposes. Market share data in the years ended 2008 and 2007 relate to Old GM.

Product Pricing

A number of methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2010, we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy coupled with improved inventory management will continue to strengthen the reputation of our brands and continue to improve our average transaction price.

Cyclical Nature of Business

In the automotive industry, retail sales are cyclical and production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries. The market for vehicles is cyclical and depends on general economic conditions, credit availability and consumer spending. In 2009 the global automotive industry, particularly in the U.S., had not yet recovered from the negative economic factors experienced in 2008 and has continued to experience decreases in the total number of new cars and trucks sold and decreased production volume.

Relationship with Dealers

Worldwide we market vehicles through a network of independent retail dealers and distributors. At December 31, 2009 there were 5,619 vehicle dealers in the U.S., 568 in Canada and 263 in Mexico. Additionally, there were a total of 14,317 distribution outlets throughout the rest of the world. These outlets include distributors, dealers and authorized sales, service and parts outlets.

The following table summarizes the number of authorized dealerships:

	December 31,		
	2009	2008	2007
GMNA	6,450	7,360	7,835
GMIO	5,895	5,510	5,150
GME	8,422	8,732	8,902
Total Worldwide	20,767	21,602	21,887

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — U.S. Dealer Reduction" for a further discussion on our plan to reduce U.S. dealerships.

We enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those vehicles to retail customers from a GM approved location. Our dealers often offer more than one GM brand of vehicle at a single dealership. In fact, we actively promote this for several of our brands in a number of our markets in order to enhance dealer profitability. Authorized GM dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell, using genuine GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program, and those repairs are to be made only with genuine GM parts. In addition, our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts provided by GMAC Inc. (GMAC) or its subsidiaries and other financial institutions.

Because dealers maintain the primary sales and service interface with the ultimate consumer of our products, the quality of GM dealerships and our relationship with our dealers and distributors are critical to our success. In addition to the terms of our contracts with our dealers, we are regulated by various country and state franchise laws that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

Research, Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services, including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers.

The following table summarizes research and development expense (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Research and development expense	$ 3,034	$ 3,017	$ 8,012	$ 8,081

Research

Overview

Our top priority for research is to continue to develop and advance our alternative propulsion strategy, as energy diversity and environmental leadership are critical elements of our overall business strategy. Our objective is to be the recognized industry leader in fuel efficiency through the development of a wide variety of technologies to reduce petroleum consumption. To meet this objective we focus on five specific areas:

- Continue to increase the fuel efficiency of our cars and trucks;
- Development of alternative fuel vehicles;
- Invest significantly in our hybrid and electric technologies;
- Invest significantly in plug-in electric vehicle technology; and
- Continued development of hydrogen fuel cell technology.

Table of Contents

Fuel Efficiency

We and Old GM have complied with federal fuel economy requirements since their inception in 1978, and we are fully committed to meeting the requirements of the Energy Independence and Security Act of 2007 (EISA) and compliance with other regulatory schemes, including the California CO_2 program. We anticipate steadily improving fuel economy for both our car and truck fleets. We are committed to meeting or exceeding all federal fuel economy standards in the 2010 through 2015 model years. We plan to achieve compliance through a combination of strategies, including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and six speed automatic transmissions; (3) vehicle improvements, including increased use of lighter, front-wheel drive architectures; (4) increased hybrid offerings and the launch of the Chevrolet Volt electric vehicle with extended range in 2010; and (5) portfolio changes, including the increasing car/crossover mix and dropping select larger vehicles in favor of smaller, more fuel efficient offerings.

We are among the industry leaders in fuel efficiency and we are committed to lead in the development of technologies to increase the fuel efficiency of internal combustion engines such as cylinder deactivation, direct injection, turbo-charging with engine downsizing, six speed transmissions and variable valve timing. As a full-line manufacturer that produces a wide variety of cars, trucks and sport utility vehicles, we currently offer 20 models obtaining 30 mpg or more in highway driving, more than any other manufacturer.

Alternative Fuel Vehicles

We have also been in the forefront in the development of alternative fuel vehicles, leveraging experience and capability developed around these technologies in our operations in Brazil. Alternative fuels offer the greatest near-term potential to reduce petroleum consumption in the transportation sector, especially as cellulosic sources of ethanol become more affordable and readily available in the U.S. An increasing percentage of our sales will be alternative fuel capable vehicles, estimated to increase from 17% in 2010 to 65% in 2014.

As part of an overall energy diversity strategy, we remain committed to making at least 50% of the vehicles we produce for the U.S. capable of operating on biofuels, specifically E85 ethanol, by 2012. We currently offer 17 FlexFuel models capable of operating on gasoline, E85 ethanol or any combination of the two.

We are focused on promoting sustainable biofuels derived from non-food sources, such as agricultural, forestry and municipal waste. We are continuing to work with our two strategic alliances with cellulosic ethanol makers Coskata, Inc., of Warrenville, Illinois, and New Hampshire based Mascoma Corp. In October 2009 Coskata, Inc. opened its semi-commercial facility for manufacturing cellulosic ethanol and Mascoma Corp. has been making cellulosic ethanol at its Rome, New York, demonstration plant since late 2008.

We are also supporting the development of biodiesel, a clean-burning alternative diesel fuel that is produced from renewable sources. We currently approve the use of B5, which are certified biodiesel blends of up to 5%, in our Duramax engine that we sell in the U.S. This engine is available on the Chevrolet Silverado and GMC Sierra heavy-duty pick-up trucks, Chevrolet Express and GMC Savanna fullsize vans and the Chevrolet Kodiak and GMC Top Kick commercial vehicles. B5 is also approved for all GM diesels in Europe and Asia. We offer a special equipment option on the 6.6-liter Duramax for B20, a 20% biodiesel blend. The special equipment option is available on certain configurations of the GMC Savanna and Chevrolet Express Vans and the Chevrolet Silverado and GMC Sierra Heavy-Duty One-Ton Pick-ups. For the 2011 model year, B20 capability will be available on our 6.6L turbo diesel engine.

Hybrid and Plug-In Electric Vehicles

We are also investing significantly in vehicle electrification including hybrid, plug-in hybrid and electric vehicles with extended-range technology. We currently offer seven hybrid models. We are also developing plug-in hybrid electric vehicle technology (PHEV) and the Chevrolet Volt and Opel Ampera electric vehicles with extended range. We plan to invest heavily between 2010 and 2012 to support the expansion of our electrified vehicle offering and in-house development and manufacturing capabilities of the enabling technologies-advanced batteries, electric motors and power control systems.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We have multiple technologies offering increasing levels of vehicle electrification — hybrid, plug-in hybrid and electric vehicle with extended range.

The highly capable GM Two-mode Hybrid system is offered with the automotive industry's only hybrid fullsize trucks and sport utility vehicles: Chevrolet Tahoe, Chevrolet Silverado, GMC Yukon and Yukon Denali, GMC Sierra, Cadillac Escalade and Escalade Platinum.

A PHEV, using a modified version of GM's Two-Mode Hybrid system and advanced lithium-ion battery technology, is scheduled to launch in 2012. The PHEV will provide low-speed electric-only propulsion, and blend engine and battery power to significantly improve fuel efficiency.

We have also announced that we plan to launch the Chevrolet Volt electric vehicle with extended range in late 2010. The Chevrolet Volt is powered by electricity at all times and at all speeds. The Chevrolet Volt is designed to operate on battery power alone for up to 40 miles, after which an engine-generator will provide the electricity to power the electric drive unit. Advanced lithium-ion battery technology is the key enabling technology for the Chevrolet Volt. In January 2009 Old GM announced that it would assemble the battery packs for the Chevrolet Volt in the U.S. using cells supplied by LG Chem. Battery production began at our Brownstown Battery facility in January 2010. A second electric vehicle with extended range, the Opel Ampera, is under development and scheduled to launch in Europe in late 2011.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. We and Old GM have conducted research in hydrogen fuel cell development spanning the last 15 years, and we are the only U.S. automobile manufacturer actively engaged in fuel cell development. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, are the largest in the world and have accumulated more than 1.2 million miles of real-world driving by consumers, celebrities, business partners and government agencies. More than 6,000 individuals have driven the fuel cell powered Chevrolet Equinox, either in short drives, such as media or special events, or as part of Project Driveway. To date, their feedback has led to technology improvements such as extending fuel cell stack life and improvements in the regenerative braking system, which has also benefited our Two-Mode Hybrid vehicles, and improvements in the infrastructure of fueling stations for hydrogen fuel cell electric vehicles. In addition, the knowledge gained during Project Driveway on the fuel cell itself has affected the development of the Chevrolet Volt battery as we are applying fuel cell thermal design knowledge to the Chevrolet Volt battery design. Project Driveway operates in Washington DC and California (including Los Angeles, Orange County and Sacramento) for the California Fuel Cell Partnership and the California Air Resources Board (CARB). Project Driveway also operates in the New York Metropolitan area in Westchester County with expansion to the greater New York City area due to recent openings of hydrogen fueling stations at JFK International Airport and in the Bronx. Most Project Driveway participants drive Chevrolet Equinoxes for two months with the cost of fuel and insurance provided free in exchange for participant feedback. The Chevrolet Equinox fuel cell electric vehicles do not use any gasoline or oil and emit only water vapor. We have made significant progress on the fuel cell stack for a second-generation fuel cell vehicle, though we currently have no vehicle program approved.

OnStar

Advancements in telematics technology are demonstrated through our OnStar service. OnStar's in-vehicle safety, security and communications service is the automotive industry's leading telematics provider, available on more than 30 of our 2010 model year vehicles and currently serving approximately 5.5 million subscribers. OnStar's key services include: Automatic Crash Response, Stolen Vehicle Assistance, Turn-by-Turn Navigation, OnStar Vehicle Diagnostics and Hands-Free Calling. In May 2009 OnStar announced the development of an Injury Severity Prediction based on the findings of a Center for Disease Control and Prevention expert panel. This will allow OnStar advisors to alert first responders when a vehicle crash is likely to have caused serious injury to the occupants. Data from OnStar's Automatic Crash Response system will be used to automatically calculate the Injury Severity Prediction which can assist responders in determining the level of care required and the transport destination for patients. OnStar has

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

also expanded its Stolen Vehicle Assistance services with the announcement of Remote Ignition Block. This will allow an OnStar Advisor to send a remote signal to a subscriber's stolen vehicle to prevent the vehicle from restarting once the ignition is turned off. This capability will not only help authorities recover stolen vehicles, but can also prevent or shorten dangerous high speed pursuits.

Other Technologies

Other safety systems include the third generation of our StabiliTrak electronic stability control system. In addition to controlling brakes and reducing engine power, the latest iteration of the system combines active front steering to turn the front wheels into the skid when the rear wheels lose traction. Our Lane Departure Warning System and Side Blind Zone Alert System extend and enhance driver awareness and vision.

Refer to "Environmental and Regulatory Matters" for a discussion of vehicle emissions requirements, vehicle noise requirements, fuel economy requirements and safety requirements, which also affect our research and development activities.

Product Development

Our vehicle development activities are integrated into a single global organization. This strategy built on earlier efforts to consolidate and standardize our approach to vehicle development.

For example, in the 1990s Old GM merged 11 different engineering centers in the U.S. into a single organization. In 2005, GM Europe Engineering was created, following a similar consolidation from three separate engineering organizations. At the same time, we and Old GM have grown our engineering operations in emerging markets in the Asia Pacific and Latin America/Africa/Middle East (LAAM) regions.

As a result of this process, product development activities are fully integrated on a global basis under one budget and one decision-making group. Similar approaches have been in place for a number of years in other key functions, such as powertrain, purchasing and manufacturing, to take full advantage of our global footprint and resources.

Under our global vehicle architecture strategy and for each of our nine global architectures, we define a specific range of performance characteristics and dimensions supporting a common set of major underbody components and subsystems with common interfaces.

A centralized organization is responsible for many of the non-visible parts of the vehicle, referred to as the architecture, such as steering, suspension, the brake system, the heating, ventilation and air conditioning system and the electrical system. This team works very closely with the global architecture development teams around the world, who are responsible for components that are unique to each brand, such as exterior and interior design, tuning of the vehicle to meet the brand character requirements and final validation to meet applicable government requirements.

We currently have nine different global architectures that are assigned to regional centers around the world. The allocation of the architectures to specific regions is based on where the expertise for the vehicle segment resides, e.g., mini and small vehicles in Asia Pacific, compact vehicles in Europe and fullsize pick-up trucks, sport utility vehicles, midsize vehicles and crossover vehicles in North America.

The nine global architectures are:

- Mini
- Small
- Compact
- Full and Midsize
- Fullsize Truck
- Rear-Wheel Drive and Performance
- Crossover
- Midsize Truck
- Electric

Table of Contents

Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. While none of these patents by itself is material to our business as a whole, these patents are very important to our operations and continued technological development. In addition, we hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily comprised of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements. In 2009 the weakening of commodity prices experienced in the latter part of 2008 was generally reversed, with prices returning to more historical levels in the year ended 2009 and having the effect of increasing our costs. In a gradually recovering global economic climate, this shift is believed to be the result of speculative activity and the weakening of the U.S. Dollar combined with increased confidence and mild improvements in underlying demand.

In some instances, we purchase systems, components, parts and supplies from a single source, and may be at an increased risk for supply disruptions. Based on our standard payment terms with our systems, components and parts suppliers, we are generally required to pay most of these suppliers on average 47 days following delivery with weekly disbursements.

Environmental and Regulatory Matters

Automotive Emissions Control

We are subject to laws and regulations, regarding vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic system (OBD) requirements, in the regions throughout the world in which we sell cars, trucks and heavy-duty engines.

North America

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S., and additional requirements are imposed by various state governments, most notably California. These requirements include pre-production testing of vehicles, testing of vehicles after assembly, the imposition of emission defect and performance warranties and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. We must obtain certification that the vehicles will meet emission requirements from the Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the CARB before we can sell vehicles in California and other states that have adopted the California emissions requirements.

The EPA and the CARB continue to emphasize testing on vehicles sold in the U.S. for compliance. We believe that our vehicles meet currently applicable EPA and CARB requirements. If our vehicles do not comply with the emission standards or if defective emission control systems or components are discovered in such testing, or as part of government required defect reporting, we could incur substantial costs related to emissions recalls. We expect that new CARB and federal requirements will increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

The EPA and the CARB emission requirements currently in place are referred to as Tier 2 and Low Emission Vehicle (LEV) II. The Tier 2 requirements began in 2004 and were fully phased-in by the 2009 model year, while the LEV II requirements began in 2004 and increase in stringency each year through the 2010 model year. Fleet-wide compliance with the Tier 2 and LEV II standards must be achieved based on a sales-weighted fleet average. CARB is developing its next generation emission standards, LEV III,

Table of Contents

which will further increase the stringency of its emission standards. Based on discussions with the CARB staff, we expect the LEV III requirements to be adopted in the second half of 2010 and to apply beginning in the 2014 model year. California has also passed legislation and enacted a regulation to control the emissions of greenhouse gases. Since we believe this regulation is effectively a form of fuel economy requirement, it is discussed under "Automotive Fuel Economy." In addition, both the CARB and the EPA have adopted more stringent standards applicable to heavy-duty trucks.

California law requires that a specified percentage of cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV), such as electric vehicles or hydrogen fuel cell vehicles. This requirement started at 10% for the 2005 model year and increased in subsequent years. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. An additional portion of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology, such as a hybrid electric propulsion system meeting specified criteria. We are complying with the ZEV requirements using a variety of means, including producing vehicles certified to the partial ZEV requirements. California recently adopted changes applicable to the 2012 and later model years that allow an additional portion of the ZEV requirements to be met with PHEVs, including E-REV's such as the Chevrolet Volt, that meet partial ZEV requirements and other specified criteria. CARB has also announced plans to adopt, in the second half of 2010, 2015 model year and later requirements for ZEVs and PHEVs to achieve greenhouse gas as well as criteria pollutant emission reductions.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and truck emission standards in lieu of the federal requirements. Ten states, including New York, Massachusetts, Maine, Vermont, Connecticut, Pennsylvania, Rhode Island, New Jersey, Oregon and Washington, currently have these standards in effect. Maryland and New Mexico have adopted the California standards effective beginning in the 2011 model year and Arizona's standards are effective beginning in the 2012 model year. Additional states could also adopt the California standards in the future.

In addition to the exhaust emission programs previously discussed, advanced OBD systems, used to identify and diagnose problems with emission control systems, have been required under federal and California law since the 1996 model year. Problems detected by the OBD system have the potential of increasing warranty costs and the chance for recall. OBD requirements become more challenging each year as vehicles must meet lower emission standards, and new diagnostics are required. Beginning with the 2004 model year, California adopted more stringent OBD requirements, including new design requirements and corresponding enforcement procedures, and we have implemented hardware and software changes to comply with these more stringent requirements. In addition, California adopted technically challenging new OBD requirements that take effect from the 2008 through 2013 model years.

The federal Tier 2 and California evaporative emission LEV II requirements began phasing-in with the 2004 model year. The federal requirements are being harmonized with the California requirements beginning with a 2009 model year phase-in. California plans to further increase the stringency of its requirements as part of its LEV III rulemaking.

Europe

In Europe emissions are regulated by two different entities: the European Union (EU) and the United Nations Economic Commission for Europe (UN ECE). The EU imposes stringent emission control requirements on vehicles sold in all 27 EU Member States, and other countries apply regulations under the framework of the UN ECE. EU member states can give tax incentives to automobile manufacturers for vehicles which meet emission standards earlier than the compliance date. This can result in specific market requirements for automobile manufacturers to introduce technology earlier than is required for compliance with the EU emission standards. The current EU requirements include type approval of preproduction testing of vehicles, testing of vehicles after assembly and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. EU and UN ECE requirements are equivalent in terms of stringency and implementation. We must demonstrate that vehicles will meet emission requirements in witness tests and obtain type approval from an approval authority before we can sell vehicles in the EU.

Emission requirements in Europe will become even more stringent in the future. A new level of exhaust emission standards for cars and light-duty trucks, Euro 5 standards, were applied in September 2009, while stricter Euro 6 standards are expected to apply beginning in 2014. The OBD requirements associated with these new standards will become more challenging as well. The new

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

European emission standards focus particularly on reducing emissions from diesel vehicles. Diesel vehicles have become important in the European marketplace, where they encompass 50% of the market share. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6, we expect that technologies need to be implemented which are identical to those being developed to meet U.S. emission standards. The technologies available today are not cost effective and would therefore not be suitable for the European market for small and midsize diesel vehicles, which typically are under high cost pressure. Further, measures to reduce exhaust pollutant emissions have detrimental effects on vehicle fuel economy which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, regulatory discussions in Europe are expected to continue. Regulators will continue to refine the testing requirements addressing issues such as test cycle, durability, OBD, in-service conformity and off-cycle emissions.

International Operations

Within the Asia Pacific region, our vehicles are subject to a broad range of vehicle emission laws and regulations. China has implemented European standards, with Euro 4 standards first applied in Beijing in 2008. Shanghai implemented Euro 4 standards with European OBD requirements for newly registered vehicles in November 2009 and other cities are expected to implement the same standards for newly registered vehicles in 2010. China plans to implement Euro 4 standards nationwide beginning in July 2010 for new vehicle type approvals and beginning in July 2011 for newly registered vehicles. Since January 2009 South Korea has implemented the CARB emission Fleet Average System with different application timings and levels of nonmethanic organic gas targets for gasoline and liquefied petroleum gas powered vehicles. In September 2009 South Korea implemented Euro 5 standards for diesel powered vehicles. South Korea has adopted CARB standards for gasoline powered vehicles and EU regulations for diesel powered vehicles for OBD and evaporative emissions. The Association of Southeast Asian Nations (ASEAN) Committee has agreed that the major ASEAN countries Thailand, Malaysia, Indonesia, Philippines and Singapore will implement Euro 4 standards in 2012, although implementation of OBD requirements is still under study. In India, Bharat Stage IV emission standards will be required for new vehicle registrations in 11 major cities and Bharat Stage III emission standards will be required throughout India beginning in April 2010. Japan sets specific exhaust emission and durability standards, test methods and driving cycles. In Japan, OBD is required with both EU and U.S. OBD systems accepted. All other countries in which we conduct operations within the Asia Pacific region either require or allow some form of EPA, EU or UN ECE style emission regulations with or without OBD requirements.

Within the LAAM region, some countries follow the U.S. test procedures, standards and OBD requirements and some follow the EU test procedures, standards and OBD requirements with different levels of stringency. In terms of standards, Brazil implemented national LEV standards, L5, which preceded Tier 2 standards in the U.S., for passenger cars and light commercial vehicles in January 2009. Brazil has published new emission standards, L6, which are based on Euro 5 standards, for light diesel and gasoline vehicles. L6 standards for light diesel vehicles are to be implemented in January 2013, which mandate OBD requirements for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in January 2014 for new types and January 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in January 2009 and is moving to Euro 5 standards in January 2012 for new vehicle types and January 2014 for all models. Chile currently requires Euro 3 standards for gasoline vehicles and Euro 4 standards for diesel vehicles and has proposed Euro 4 standards for gasoline vehicles beginning in September 2010 and Euro 5 standards for diesel vehicles beginning in September 2011. Other countries in the LAAM region either have some level of U.S. or EU standards or no standards at all.

Industrial Environmental Control

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. In connection with the 363 Sale we have assumed various stages of investigation for sites where contamination has been alleged and a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability, as well as liability for related damages to natural resources.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. Environmental reserves are recorded when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. This practice is followed whether the claims are asserted or unasserted. The amounts of current reserves are expected to be paid out over the periods of remediation for the applicable sites, which typically range from two to 30 years.

The following table summarizes the expenses for site remediation actions, including ongoing operations and maintenance (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Site remediation expenses	$ 3	$ 34	$ 94	$ 104

It is possible that such remediation actions could require average annual expenditures of $30 million over the next five years.

Remediation costs and other damages for which we ultimately may be responsible are not reasonably estimable because of uncertainties with respect to factors such as our connection to the site or to materials located at the site, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation). As a result, we are unable to determine or reasonably estimate the amount of costs or other damages for which we are potentially responsible in connection with these sites, although that total could be substantial.

To mitigate the effects our worldwide facilities have on the environment we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. Landfill-free facilities send no waste to landfills, waste is either recycled or used to create energy. As part of Old GM's commitment to reduce the effect its worldwide facilities had on the environment, Old GM had committed to convert half of its major global manufacturing operations to landfill-free facilities by 2010. This landfill-free strategy translated, on an individual facility basis, to more than 70 of Old GM's manufacturing operations worldwide. At July 10, 2009 we had acquired, in connection with the 363 Sale, 56 landfill-free manufacturing facilities worldwide. At our landfill-free facilities, 97% of waste materials are recycled or reused and 3% is converted to energy at waste-to-energy facilities. We estimate that over 2 million tons of waste materials were recycled or reused by us and Old GM in 2009 and estimate that 41,000 tons of waste materials from us and Old GM in 2009 were converted to energy at waste-to-energy facilities. These numbers will increase as additional manufacturing sites reach landfill-free status.

We currently have not announced publicly any future targets to reduce CO_2 emission levels from our worldwide facilities; however, we are continuing to make significant progress in further reducing CO_2 emission levels. Seven of our facilities in Europe are included in and comply with the European Emissions Trading Scheme, which is being implemented to meet the European Community's greenhouse gas reduction commitments under the Kyoto Protocol. We and Old GM reported in accordance with the Global Reporting Initiative, the Carbon Disclosure Project, the EPA Climate Leaders Program and the Department of Energy (DOE) 1605(b) program since their inception. We are implementing and publicly reporting on various voluntary initiatives to reduce energy consumption and greenhouse gas emissions from our worldwide operations. In 2005 Old GM had a 2010 target of an 8% reduction in CO_2 emissions from its worldwide facilities compared to Old GM's worldwide facilities 2005 emission levels. By 2008 Old GM had exceeded this target by reducing CO_2 emissions from its worldwide facilities by 20% compared to 2005 levels.

Automotive Fuel Economy

North America

The 1975 Energy Policy and Conservation Act (EPCA) provided for average fuel economy requirements for fleets of passenger cars built for the 1978 model year and thereafter. For the 2009 model year, our and Old GM's domestic passenger car fleet achieved a Corporate Average Fuel Economy (CAFE) of 31.1 mpg, which exceeded the standard of 27.5 mpg. The estimated CAFE for our 2010 model year domestic passenger cars is 30.3 mpg, which would also exceed the 27.5 mpg standard applicable for that model year.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Cars that are imported for sale in the U.S. are accounted for separately. For our and Old GM's imported passenger cars, the 2009 model year CAFE was 30.3 mpg, which exceeded the requirement of 27.5 mpg. The estimated CAFE for our 2010 model year imported passenger cars is 34.5 mpg, which would also exceed the applicable requirement.

Fuel economy standards for light-duty trucks became effective in 1979. Starting with the 2008 model year, the National Highway Traffic Safety Administration (NHTSA) implemented substantial changes to the structure of the truck CAFE program, including reformed standards based upon truck size. Under the existing truck rules, reformed standards are optional for the 2008 through 2010 model years. Old GM chose to comply with these optional reform-based standards beginning with the 2008 model year. Our and Old GM's light-duty truck CAFE performance for the 2009 model year was 23.7 mpg, which exceeds our and Old GM's reformed requirement of 22.5 mpg. Our projected reform standard for light-duty trucks for the 2010 model year is 22.9 mpg and our projected performance under this standard is 23.7 mpg.

In 2007 Congress passed the Energy Independence and Security Act, which directed NHTSA to modify the CAFE program. Among the provisions in the new law was a requirement that fuel economy standards continue to be set separately for cars and trucks that combined would increase to at least 35.0 mpg by 2020.

In addition, California has passed legislation (AB 1493) requiring the CARB to regulate greenhouse gas emissions from vehicles (which is the same as regulating fuel economy). This California program is currently established for the 2009 through 2016 model years. California needed a federal waiver to implement this program and was granted this waiver on June 30, 2009.

Further, in response to a U.S. Supreme Court decision, the EPA was directed to establish a new program to regulate greenhouse gas emissions for vehicles under the Clean Air Act. As a result, in September 2009 the EPA and the NHTSA issued a joint proposal to establish a coordinated national program consisting of new requirements for model year 2012 through 2016 light-duty vehicles that will reduce greenhouse gas emissions under the Clean Air Act and improve fuel economy pursuant to the CAFE standards under the EPCA. These reform-based standards will apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles (collectively, light-duty vehicles) built in model years 2012 through 2016. The rule is to be finalized by April 2010. Our current product plan projects compliance with the federal and California programs through 2016.

CARB has agreed that compliance with the EPA's greenhouse gas emission standards will be deemed compliant with the AB 1493 standards for 2012 through 2016 model years. In the meantime, California's program to regulate vehicle greenhouse gases is in effect for the 2009-2011 model years. The following table illustrates California's program compliance standards and our projected compliance (in grams per mile CO_2-equivalent):

	2009 Model Year		2010 Model Year		2011 Model Year	
	Standard	Combined GM and Old GM	Standard	GM(a)	Standard	GM(a)
Passenger car and light-duty truck 1 fleet	323	292	301	303	267	290
Light–duty truck 2 + medium-duty passenger vehicle fleet	439	413	420	387	390	394

(a) Our performance projections for the 2010 model year for the passenger car and light-duty truck 1 fleet as well as both fleets for the 2011 model year are projected to be more than the standard. We are still projecting compliance due to the allowed use of credits earned in previous years.

Europe

In Europe, the EU passed legislation in December 2008 to regulate CO_2 emissions beginning in 2012. Based on a target function of CO_2 to vehicle weight, each manufacturer must meet a specific target based on the CO_2 target value on this curve for each vehicle it sells, but with the ability to average across its fleet in each year. This requirement will be phased in with 65% of vehicles sold in 2012 required to meet this target, 75% in 2013, 80% in 2014 and 100% in 2015 and beyond. Automobile manufacturers can earn super-credits under this legislation for the sales volume of vehicles having a specific CO_2 value of less than 50 grams CO_2. This is intended to encourage the early introduction of ultra-low CO_2 vehicles such as the Chevrolet Volt and Opel/Vauxhall Ampera by providing an

Table of Contents

additional incentive to reduce the CO_2 fleet average. Automobile manufacturers may gain credit of up to 7 grams for eco-innovations for those technologies which improve real-world fuel economy but may not show in the test cycle, such as solar panels on vehicles. There is also a 5% credit for E85 flexible-fuel vehicles if more than 30% of refueling stations in an EU member state sell E85. Further regulatory detail is being developed in the comitology process, which develops the detail of the regulatory requirements through a process involving the European Commission and member states. The legislation sets a target of 95 grams per kilometer CO_2 for 2020 with an impact assessment required to further assess and develop this requirement. We have developed a compliance plan by adopting operational CO_2 targets for each market entry in Europe.

In October 2009 the EU Commission adopted a proposal to regulate CO_2 emissions from light commercial vehicles. The proposal is modeled after the CO_2 regulation for passenger cars. It proposes that new light commercial vehicles meet a fleet average CO_2 target of 175 grams per kilometer CO_2 with a phase-in of compliance beginning with 75% of new light commercial vehicles by 2014, 80% by 2015 and 100% compliance by 2016. The manufacturer-specific CO_2 compliance target will be determined as a function of vehicle curb mass. Flexibilities, such as eco-innovations and super credits, are part of the regulatory proposal as well. A long-term target for 2020 of 135g/km has been also proposed, to be confirmed after an impact assessment in 2013. We are currently making an assessment of the effect of the proposal on our fleet of light commercial vehicles. The EU Commission's proposal will now go through the legislative process with the European Parliament and European Council, during which we expect some modifications to be adopted.

A regulation has been adopted that will require low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators by 2012. An additional regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at sale as well as the sale of tires in the aftermarket. Further, there are plans to introduce regulatory proposals regarding energy efficiency of air conditioning systems and fuel economy meters.

Sixteen EU member states have introduced CO_2 based vehicle taxation schemes. Tax measures are within the jurisdiction of the EU member states. We are faced with significant challenges relative to the predictability of future tax laws and differences in the tax schemes and thresholds.

International Operations

In the Asia Pacific region, we face new or increasingly more stringent fuel economy standards. In China, Phase 3 fuel economy standards are under development and may move from a vehicle pass-fail system to a corporate fleet average scheme. Phase 3 fuel economy standards are expected to increase by 15% to 20% from the current Phase 2 targets and implementation is expected to begin in 2012. Phase 2 currently allows some relief for certain vehicle types and vehicles with automatic transmissions. It is unclear at this time if that relief will be carried over in Phase 3. In Korea, new fuel economy/CO_2 targets were announced last year as part of the government's low carbon/green growth strategy. These targets are planned to be set at levels more stringent than fuel economy/CO_2 targets in the U.S., but less stringent than fuel economy/CO_2 targets in Europe. Phase-in is expected to begin in 2012 and finish in 2015 with manufacturers having the option to certify either on a fuel consumption basis or a CO_2 emissions basis. Each manufacturer will be given a corporate target to meet based on an overall industry fleet fuel economy/CO_2 average. Other aspects of the program being considered include credits, incentives, and penalties. Legislation of the new standard is expected to be completed by the end of 2010. In Australia the government is conducting an assessment of possible vehicle fuel efficiency measures including shifting from voluntary to mandatory standards and how any such move would align with the government's policy response to climate change. Before the government makes any decisions on additional fuel efficiency measures, it will conduct an industry consultation. For the first time, India is expected to establish fuel economy norms based on weight and measured in CO_2 emissions that will become mandatory sometime in 2011. Final targets and labeling requirements are still to be determined. In April 2009 automobile manufacturers in India began to voluntarily declare the fuel economy of each vehicle at the point of sale.

In Brazil, governmental bodies and the Brazilian automobile makers association established, in 2009, a national voluntary program for evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion engines. This voluntary program aims to increase vehicles energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions. We are and Old GM was engaged in this program along with other leading car manufacturers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Chemical Regulations

North America

Several states have introduced legislation related to green chemistry and product stewardship initiatives. These initiatives would give states broad regulatory authority in relation to the use of certain chemical substances and potentially affect a manufacturer's vehicle life-cycle responsibilities. For example, we expect California's Green Chemistry regulations to be finalized at the end of 2010. Currently, vehicles are not included in the scope of the regulations; however, if vehicles are included in future revised regulations it could lead to increased product complexity and cost.

Europe

In June 2007 the EU implemented its regulatory requirements to register, evaluate, authorize and restrict the use of chemical substances (REACH). The regulation deals with chemical substances produced with a production volume of one ton or more per year are required to be registered with a new European Chemicals Agency. During REACH's pre-registration phase, Old GM and our suppliers registered those substances identified by the regulation. REACH is to be phased in over a 10 year period from the implementation date. During the implementation phase, REACH will require ongoing action from us, Original Equipment Manufacturers (OEM), our suppliers and other suppliers in the supply chain. Under REACH, substances of very high concern may require authorization for further use and may also be restricted in the future, which could increase the cost of certain substances that are used to manufacture vehicles and parts. In addition, our research and development initiatives may be diverted to address future REACH requirements. We are continually monitoring the implementation of REACH and its effect on our suppliers and the automotive industry to maintain compliance.

Safety

New vehicles and equipment sold in the U.S. are required to meet certain safety standards promulgated by the NHTSA. The National Traffic and Motor Vehicle Safety Act of 1966 authorized the NHTSA to determine these standards and the schedule for implementing them. In addition, in the case of a vehicle defect that creates an unreasonable risk to motor vehicle safety or does not comply with a safety standard, the National Traffic and Motor Vehicle Safety Act of 1966 generally requires that the manufacturer notify owners and provide a remedy. The Transportation Recall Enhancement, Accountability and Documentation Act requires us to report certain information relating to certain customer complaints, warranty claims, field reports and lawsuits in the U.S. and fatalities and recalls outside the U.S.

We are subject to certain safety standards and recall regulations in the markets outside the U.S. in which we operate. These standards often have the same purpose as the U.S. standards, but may differ in their requirements and test procedures. From time to time, other countries pass regulations which are more stringent than U.S. standards. Most countries require type approval while the U.S. and Canada require self-certification.

Vehicular Noise Control

Vehicles we manufacture and sell may be subject to noise emission regulations.

In the U.S., passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We are committed to designing and developing our products to meet these noise regulations. Since addressing different vehicle noise regulations established in numerous state and local jurisdictions is not practical, we attempt to identify the most stringent requirements and validate to those requirements. In the rare instances where a state or local noise regulation is not covered by the composite requirement, a waiver of the requirement is requested and to date no significant cost has resulted from such a request. Medium to heavy-duty trucks are regulated at the federal level. Federal truck regulations preempt all United States state or local noise regulations for trucks over 10,000 lbs. gross vehicle weight rating.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Outside the U.S., noise regulations have been established by authorities at the national and supranational level (e.g., EU or UN ECE for Europe). We believe that our vehicles meet all applicable noise regulations in the markets where they are sold.

While current noise emission regulations serve to regulate maximum allowable noise levels, proposals have been made to regulate minimum noise levels. These proposals stem from concern that vehicles that are relatively quiet, specifically hybrids, may not be heard by the sight-impaired. We are committed to design and manufacture vehicles to comply with potential noise emission regulations that may come from these proposals.

Potential Effect of Regulations

We have established aggressive near-term and long-term plans to develop and bring to market technologies designed to further reduce emissions, mitigate remediation expenses related to environmental liabilities, improve fuel efficiency, monitor and enhance the safety features of our vehicles and provide additional value and benefits to our customers. This is illustrated by our commitment to marketing more hybrid vehicles, our accelerated commitment to develop electrically powered vehicles, our use of biofuels in our expanded portfolio of flexible-fuel vehicles and enhancements to conventional internal combustion engine technology have contributed to the fuel efficiency of our vehicles. In addition, the conversion of many of our manufacturing facilities to landfill-free status has shown our commitment to mitigate potential environmental liability. We believe that the development and global implementation of new, cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency, reduce greenhouse gas emissions and mitigate environmental liabilities.

Despite these advanced technology efforts, our ability to satisfy fuel economy and CO_2 requirements is contingent on various future economic, consumer, legislative and regulatory factors that we cannot control and cannot predict with certainty. If we are not able to comply with specific new fuel economy requirements, which include higher CAFE standards and state CO_2 requirements such as those imposed by the AB 1493 Rules, then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities, which we may be responsible for, are not reasonably estimable and could be substantial. In addition, violations of safety standards could result in the recall of one or more of our products. In turn, any of these actions could have substantial adverse effects on our operations, including facility idling, reduced employment, increased costs and loss of revenue.

Pension Legislation

We are subject to a variety of federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The Pension Protection Act of 2006 is designed, among other things, to more appropriately reflect the value of pension assets and liabilities to determine funding requirements. Under the Pension Protection Act of 2006 we expect there will be no cash funding requirement for our U.S. hourly and salaried pension plans in 2010. We remeasure our U.S. pension plans at the end of each year and for significant plan amendments, benefit modifications and related events. Based on preliminary asset returns, the year-to-date discount rate, assuming interest rates remain at current levels and pension fund assets earn 8.5% annually going forward, we may need to make significant contributions to the U.S. pension plans in 2013 and beyond. We are currently analyzing our pension funding strategies. We also maintain pension plans for employees in a number of countries outside the U.S., which are subject to local laws and regulations.

Export Control

We are subject to U.S. export control laws and regulations, including those administered by the U.S. Departments of State, Commerce, and Treasury. In addition, most countries in which we do business have applicable export controls. Our Office of Export Compliance and global Export Compliance Officers are responsible for working with our business units to ensure compliance with these laws and regulations. Non-U.S. export controls are likely to become increasingly significant to our business as we develop our research and development operations on a global basis. If we fail to comply with applicable export compliance regulations, we and our employees could be subject to criminal and civil penalties and, under certain circumstances, loss of export privileges and debarment from doing business with the U.S. government and the governments of other countries.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Significant Transactions

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, under the terms of the Purchase Agreement, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price.

At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment, reducing the UST Loans principal balance to $6.7 billion. An amendment to the UST Credit Agreement, as subsequently discussed, provides for quarterly payments of $1.0 billion beginning in December 2009. At March 31, 2010 the first two quarterly payments have been made reducing the UST Loans principal balance to $4.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the UAW Retiree Medical Benefits Trust (New VEBA).

We are required to prepay the UST Loans, VEBA Notes and Canadian Loan (as subsequently defined), in certain cases on a pro rata basis, in an amount equal to the net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We can voluntarily repay all or a portion of the UST Loans or VEBA Notes at any time. Once repaid, we cannot reborrow under the UST Credit Agreement.

The obligations under the UST Credit Agreement and the VEBA Note Agreement are secured by substantially all of our assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow and will be distributed to us at our request if the following conditions are met: (1) the representations and warranties we made in the loan documents are true and correct in all material respects on the date of our request; (2) we are not in default on the date of our request taking into consideration the amount of the withdrawal request; and (3) the UST, in its sole discretion, approves the amount and intended use of the requested disbursement. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and the Canadian Loan on a pro rata basis. Any proceeds remaining in the escrow account after the UST Loans and the Canadian Loan are repaid in full shall be returned to us.

On July 10, 2009 through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan). An amendment to the UST Credit Agreement provides for quarterly payments of $192 million beginning December 2009. At March 31, 2010 the first two quarterly payments had been made reducing the Canadian Loan principal balance to $1.0 billion.

GMCL may voluntarily repay the Canadian Loan in whole or in part at any time. Once repaid, GMCL cannot reborrow under the Canadian Loan Agreement. We and 1908 Holdings Ltd., Parkwood Holdings Ltd., and GM Overseas Funding LLC, each of which is a Subsidiary Guarantor of GMCL, have guaranteed the Canadian Loan. Our guarantee of GMCL's obligations under the Canadian Loan Agreement is secured by a lien on the equity of GMCL. Because 65% of our ownership interest in GMCL was previously pledged to secure the obligations under the UST Credit Agreement and the VEBA Note Agreement, EDC received a first priority lien on 35% of our equity interest in GMCL and a second priority lien on the remaining 65%. With certain exceptions, GMCL's obligations under the Canadian Loan Agreement are secured by a first lien on substantially all of its and the Subsidiary Guarantors' assets, including GMCL's ownership interests in the Subsidiary Guarantors and a portion of GMCL's equity interests in General Motors Product Services Inc., a subsidiary of ours.

In November 2009 we signed amendments to the UST Credit Agreement and the Canadian Loan Agreement to provide for quarterly repayments of the UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC, which began in the fourth quarter of 2009. Upon making such payments, equivalent amounts were released to us from escrow. In the event of an initial public offering of our equity, this payment schedule would be suspended. The remaining terms would remain unchanged versus the original agreement. Any funds remaining in our escrow account after repayment of the loans will be released to us.

Agreement with Delphi Corporation

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities have been retained by a Delphi entity (DPH) to be sold or liquidated. In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the agreement, as more fully described in Note 5 to the consolidated financial statements. Refer to "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Strategic Initiatives — Delphi Master Disposition Agreement" for a description of the terms of the DMDA and related agreements.

Holding Company Merger

On October 19, 2009 we completed our holding company merger to implement a new holding company structure that is intended to provide greater financial and organizational flexibility. In connection with the merger, all of the outstanding shares of common stock and Series A Preferred Stock in our previous legal entity were exchanged on a one-for-one basis for new shares of our common stock and Series A Preferred Stock. These new securities have the same economic terms and provisions as the securities for which they were exchanged and are held by our securityholders in the same class evidencing the same proportional interest in us as the securityholders held prior to the exchange.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In addition, in connection with the merger we entered into amended and restated warrant agreements and a Stockholders Agreement dated as of October 15, 2009, which are substantially identical to our prior warrant agreements and Stockholders Agreement dated as of July 10, 2009, respectively. Also in connection with the merger, GMCL entered into an amendment (Canadian Loan Amendment) to the Canadian Loan Agreement and we entered into an assignment and assumption agreement and amendment to the UST Credit Agreement and an assignment and assumption agreement and amendment to the VEBA Note Agreement. Refer to "Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Recent Sales of Unregistered Securities" for a further discussion on the merger.

Employees

At December 31, 2009 we employed 217,000 employees, of whom 151,000 (70%) were hourly employees and 66,000 (30%) were salaried employees. The following table summarizes employment by segment (in thousands):

	Successor	Predecessor	
	Year Ended December 31,	Years Ended December 31,	
	2009	2008	2007
GMNA(a)	102	116	139
GMIO	61	70	68
GME	53	55	57
Corporate	1	2	2
Total Worldwide	217	243	266
U.S. — Salaried(a)(b)(d)	26	29	34
U.S. — Hourly(a)(c)	51	62	78

(a) Includes additional 11,000 employees due to the acquisition of Nexteer and four domestic facilities from Delphi on October 6, 2009, of which 2,000 are U.S. salaried employees, 5,000 are U.S. hourly employees and 4,000 are employees located outside the U.S.

(b) 5,000 U.S. salaried employees irrevocably accepted the 2009 Salaried Window Program (a voluntary program, subject to management approval, to reduce salaried headcount based on individual eligibility and employees elections made) option or the GM severance program option.

(c) 13,000 U.S. hourly employees elected to participate in Old GM's 2009 Special Attrition Programs, which were introduced in February and June of 2009 and offered cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

(d) Includes employees in GMNA and Corporate.

Refer to Note 19 to the consolidated financial statements for additional information on our salaried and hourly severance programs.

At December 31, 2009 52,000 of our U.S. employees (or 67%) were represented by unions, of which 50,000 employees were represented by the UAW. In addition, many of our employees outside the U.S. were represented by various unions. At December 31, 2009 we had 388,000 U.S. hourly and 118,000 U.S. salaried retirees, surviving spouses and deferred vested participants.

Segment Reporting Data

Operating segment and principal geographic area data for July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007 are summarized in Note 33 to the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Website Access to Our Reports

Our internet website address is www.gm.com.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (Exchange Act) are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC).

In addition to the information about us and our subsidiaries contained in this 2009 Form 10-K, extensive information about us can be found on our website, including information about our management team, our brands and products and our corporate governance principles.

The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information. The address of the SEC's website is www.sec.gov.

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Item 1A. ***Risk Factors***

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below.

While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below. Also, the risks and uncertainties described below are not the only ones that we may face. Additional risks and uncertainties not presently known to us, or that we currently do not consider significant, could also potentially impair, and have a material adverse effect on, our business, results of operations and financial condition.

Our business is highly dependent on sales volume. Global vehicle sales have declined significantly from their peak levels and there is no assurance that the global automobile market will recover in the near future or that it will not suffer a significant further downturn.

Our business and financial results are highly sensitive to sales volume, as demonstrated by the effect of sharp declines in vehicle sales in the U.S. since 2007 and globally since 2008 on our business. Vehicle sales in the U.S. have fallen significantly on an annualized basis since their peak in 2007, and sales globally have shown steep declines on an annualized basis since their peak in January 2008. The deteriorating economic and market conditions that have driven the drop in vehicle sales, including declines in real estate and equity values, rising unemployment, tightened credit markets, depressed consumer confidence and weak housing markets, may not improve significantly during 2010 and may continue past 2010 and could deteriorate further. Although vehicle sales began to recover in the last quarter of 2009 and we expect that they will continue to recover in 2010, there is no assurance that any recovery in vehicle sales will continue. Further, sales volumes may decline more severely or take longer to recover than we expect, and if they do, our results of operations and financial condition will be materially adversely affected.

Our ability to attract a sufficient number of consumers to consider our vehicles particularly our new products, including cars and crossover vehicles, is essential.

Our ability to achieve long-term profitability depends on our ability to entice consumers to consider our products when purchasing a new vehicle. The automotive industry, particularly in the U.S., is very competitive and our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead as is reflected by our loss of market

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

share over the past three years. We believe that this is due, in part, to a negative public perception of our products in relation to those of some of our competitors. Changing this perception will be critical. If we are unable to change public perception of our company and products, particularly our new products, including cars and crossovers, our results of operations and financial condition could be materially adversely affected.

Our continued ability to achieve cost reductions and to realize production efficiencies for our automotive operations is critical to our ability to return to profitability.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, including substantial restructuring initiatives for our North American operations. Our future competitiveness depends upon our continued success in implementing these restructuring initiatives throughout our automotive operations, especially in North America. In addition, while some of the elements of cost reduction are within our control, others such as interest rates or return on investments, which influence our expense for pensions, depend more on external factors, and there can be no assurance that such external factors will not materially adversely affect our ability to reduce our structural costs. Reducing costs may prove difficult due to our focus on increasing advertising and our belief that engineering expenses necessary to improve the performance, safety, and customer satisfaction of our vehicles are likely to increase.

The ability of our new executive management team to quickly learn the automotive industry and lead our company will be critical to our ability to succeed.

During the last six months we have substantially changed our executive management team. We have appointed a new Chief Executive Officer and a new Chief Financial Officer, both of whom have no outside automotive industry experience. We have also promoted from within many new senior officers in areas ranging from marketing to engineering. It is important to our success that the new members of the executive management team quickly understand the automotive industry and that our senior officers quickly adapt and excel in their new senior management roles. If they are unable to do so, and as a result are unable to provide effective guidance and leadership, our business and financial results could be materially adversely affected.

Failure of our suppliers, due to difficult economic conditions affecting our industry, to provide us with the systems, components and parts that we need to manufacture our automotive products and operate our business could result in a disruption in our operations and have a material adverse effect on our business.

We rely on many suppliers to provide us with the systems, components and parts that we need to manufacture our automotive products and operate our business. In recent years, a number of these suppliers have experienced severe financial difficulties and solvency problems, and some have sought relief under the Bankruptcy Code or similar reorganization laws. This trend intensified in 2009 due to the combination of general economic weakness, sharply declining vehicle sales and tightened credit availability that has affected the automotive industry generally. Suppliers may encounter difficulties in obtaining credit or may receive an opinion from their independent public accountants regarding their financial statements that includes a statement expressing substantial doubt about their ability to continue as a going concern, which could trigger defaults under their financings or other agreements or impede their ability to raise new funds.

When comparable situations have occurred in the past, suppliers have attempted to increase their prices, pass through increased costs, alter payment terms or seek other relief. In instances where suppliers have not been able to generate sufficient additional revenues or obtain the additional financing they need to continue their operations, either through private sources or government funding, which may not be available, some have been forced to reduce their output, shut down their operations or file for bankruptcy protection. Such actions would likely increase our costs, create challenges to meeting our quality objectives and in some cases make it difficult for us to continue production of certain vehicles. To the extent we take steps in such cases to help key suppliers remain in business, our liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.

Table of Contents

Increase in cost, disruption of supply or shortage of raw materials could materially harm our business.

We use various raw materials in our business including steel, non-ferrous metals such as aluminum and copper and precious metals such as platinum and palladium. The prices for these raw materials fluctuate depending on market conditions. In recent years, freight charges and raw material costs increased significantly. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through vehicle prices. In addition, some of these raw materials, such as corrosion-resistant steel, are only available from a limited number of suppliers. We cannot guarantee that we will be able to maintain favorable arrangements and relationships with these suppliers. An increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials, which may be caused by a deterioration of our relationships with suppliers or by events such as labor strikes, could negatively affect our net revenues and profitability to a material extent.

The pace of introduction and market acceptance of new vehicles is important to our success and the frequency of new vehicle introductions may be materially adversely affected by reductions in capital expenditures.

Our competitors have introduced new and improved vehicle models designed to meet consumer expectations, and will continue to do so. Our profit margins, sales volumes and market shares may decrease if we are unable to produce models that compare favorably to these competing models. If we are unable to produce new and improved vehicle models on a basis competitive with the models introduced by our competitors, demand for our vehicles may be materially adversely affected. Further, the pace of our development and introduction of new and improved vehicles depends on our ability to successfully implement improved technological innovations in design, engineering and manufacturing, which requires extensive capital investment. Any capital expenditure cuts in this area that we may determine to implement in the future to reduce costs and conserve cash could reduce our ability to develop and implement improved technological innovations, which may materially reduce demand for our vehicles.

Inadequate cash flow could materially adversely affect our business operations in the future.

We will require substantial liquidity to implement long-term cost savings and restructuring plans, satisfy our obligations under the UST Credit Agreement, continue capital spending to support product programs and development of advanced technologies, and meet scheduled term debt and lease maturities, in each case as contemplated by our business plan. If our cash levels approach the minimum cash levels necessary to support our normal business operations, we may be forced to borrow additional funds at rates that may not be favorable, curtail capital spending, and reduce research and development and other programs that are important to the future success of our business. If this were to happen, our need for cash would be intensified.

Although we believe that the funding we received in connection with our formation and our purchase of substantially all of MLC’s assets provides us with sufficient liquidity to operate our business in the near-term, our ability to maintain adequate liquidity in the medium- and long-term will depend significantly on the volume, mix and quality of vehicle sales and the continuing curtailment of operating expenses. Our liquidity needs are sensitive to changes in each of these and other factors.

As part of our business plan, we have reduced compensation for our most highly paid executives and have reduced the number of our management and non-management salaried employees, and these actions may materially adversely affect our ability to hire and retain salaried employees.

As part of the cost reduction initiatives in our business plan, and pursuant to the direction of the Special Master for TARP Executive Compensation we have imposed salary reductions on our most highly paid executives, and reduced benefits to a level that we believe is significantly lower than offered by other major corporations. Furthermore, the UST Credit Agreement restricts the compensation that we can provide to our top executives and prohibits certain types of compensation or benefits for any employees. At the same time, we have substantially decreased the number of salaried employees so that the workload is shared among fewer employees and in general the demands on each salaried employee are increased. Companies in similar situations have experienced significant difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties. Given our compensation structure and increasing job demands, there is no assurance that we will be able to hire and retain the employees whose expertise is required to execute our business plan while at the same time developing and producing vehicles that will stimulate demand for our products.

Table of Contents

Our plan to reduce the number of our retail channels and core brands and to consolidate our dealer network is likely to reduce our total sales volume, may not create the cost savings we anticipate and is likely to result in restructuring costs that may materially adversely affect our results of operations.

As part of our business plan, we will focus our resources in the U.S. on our four core brands: Chevrolet, Cadillac, Buick and GMC. We completed the sale of Saab in February 2010, and the current business plan also provides for the resolution of HUMMER in 2010. In conjunction with these brand eliminations, there is no planned investment for Pontiac, and therefore the brand will be phased out by the end of 2010. We will also be winding down the Saturn brand and dealership networks in accordance with the deferred termination agreements that Saturn dealers have signed with us. We also intend to consolidate our dealer network by reducing the total number of our U.S. dealers to approximately 3,600 to 4,000 in the long term. We anticipate that this reduction in retail outlets, core brands and dealers will result in costs savings over time, but there is no assurance that we would realize the savings expected. Based on our experience and the experiences of other companies that have eliminated brands, models and/or dealers, we believe that our market share could decline because of these reductions. In addition, executing the phase-out of retail channels and brands and the reduction in the number of our dealers will require us to terminate established business relationships. There is no assurance that we will be able to terminate all of these relationships, and if we are not able to terminate substantially all of these relationships we would not be able to achieve all of the benefits we have targeted. In December 2009 President Obama signed legislation giving dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law, decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in over 600 letters of intent sent to dealers, which upon compliance by the dealer, would result in reinstatement of the dealership. We anticipate that negotiating these terminations on an individual basis through binding arbitration will require considerable time and expense and we would be required to comply with a variety of national and state franchise laws, which will limit our flexibility and increase our costs. Given the pendency of the arbitration process and the anticipated cost of negotiating terminations on an individual basis if dealers are granted reinstatement it is impossible for us to know at this point how many dealers will be in our network long-term or the cost of restructuring our dealership network.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so, and that could have a material adverse effect on our business.

Our business plan contemplates that we restructure our operations in various European countries and we are actively working to accomplish this. We continue to work towards a restructuring of our German and certain other European operations. We are engaging in discussions with certain European governments regarding financial support for our European operations. We cannot be certain that we will be able to successfully complete any of these restructurings. In addition, restructurings, whether or not ultimately successful, can involve significant expense and disruption to the business as well as labor disruptions, which can adversely affect the business. Moreover, our decision to restructure our European operations could require us to invest significant additional funds particularly if we are unable to obtain financial support from European governments. We cannot assure you that any of our contemplated restructurings will be completed or achieve the desired results, and if we cannot successfully complete such restructurings out of court, we may seek to, or the directors of the relevant entity may be compelled to, or creditors may force us to, seek relief under applicable local bankruptcy, reorganization, insolvency or similar laws, where we may lose control over the outcome of the restructuring process due to the appointment of a local receiver, trustee or administrator (or similar official) or otherwise and which could result in a liquidation and us losing all or a substantial part of our interest in the business.

Continued limited availability of adequate financing on acceptable terms through GMAC or other sources to our customers and dealers, distributors and suppliers to enable them to continue their business relationships with us could materially adversely affect our business.

Our customers and dealers require financing to purchase a significant percentage of our global vehicle sales. Historically, GMAC has provided most of the financing for our dealers and a significant amount of financing for our customers. Due to conditions in credit markets particularly later in 2008, retail customers and dealers have experienced severe difficulty in accessing the credit markets. As a

Table of Contents

result, the number of vehicles sold or leased declined rapidly in the second half of 2008, with lease contract volume dropping significantly by the end of 2008. This had a significant effect on Old GM vehicle sales overall, since many of its competitors have captive finance subsidiaries that were better capitalized than GMAC during 2008 and 2009 and thus were able to offer consumers subsidized financing and leasing offers.

Similarly, the reduced availability of GMAC wholesale dealer financing (particularly in the second half of 2008), the increased cost of such financing and a limited availability of other sources of dealer financing due to the general weakness of the credit market, has caused and may continue to cause dealers to modify their plans to purchase vehicles from us.

Because of recent modifications to our commercial agreements with GMAC, GMAC no longer is subject to contractual wholesale funding commitments or retail underwriting targets. Therefore, there can be no assurance that GMAC will continue to provide adequate funding at competitive rates to ensure that financing for purchases of our vehicles by our dealers and customers will be consistent with the funding levels and competitive rates that have historically been available from GMAC.

The UST (or its designee) owns a controlling interest in us and its interests may differ from those of our other stockholders.

The UST beneficially owns a majority of our common stock on a fully diluted basis. As a result of its majority stock ownership interest and its role as a significant lender to us, the UST is able to exercise significant influence and control over our business if it elects to do so. This includes the ability to have significant influence and control over matters brought for a shareholder vote. To the extent the UST elects to exercise such influence or control over us, its interests (as a government entity) may differ from those of our other stockholders and it may influence matters including:

- The selection and tenure and compensation of our management;
- Our business strategy and product offerings;
- Our relationship with our employees, unions and other constituencies; and
- Our financing activities, including the issuance of debt and equity securities.

In the future we may also become subject to new and additional laws and government regulations regarding various aspects of our business as a result of participation in the TARP program and the U.S. government's ownership in (and financing of) our business. These regulations could make it more difficult for us to compete with other companies that are not subject to similar regulations. Refer to "Directors, Executive Officers and Corporate Governance — Stockholders Agreement" for further information.

The UST Credit Agreement and VEBA Note Agreement contain significant representations and affirmative and negative covenants that may restrict our ability and the ability of our subsidiaries to take actions management believes are important to our long-term strategy.

The UST Credit Agreement and VEBA Note Agreement contain representations and warranties, affirmative covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. The affirmative covenants impose obligations on us with respect to, among other things, financial and other reporting to the UST (including periodic confirmation of compliance with certain expense policies and executive privileges and compensation requirements), use of proceeds of asset sales, maintenance of facility collateral and other property, payment of obligations, compliance with various restrictions on executive privileges and compensation and compliance with a corporate expense policy.

The negative covenants in the UST Credit Agreement generally apply to us and our U.S. subsidiaries that provided guarantees of our obligations under that agreement and restrict us with respect to, among other things, granting liens, distributions on capital stock, amendments or waivers of certain documents and entering into new indebtedness.

Compliance with the representations, warranties and affirmative and negative covenants contained in the UST Credit Agreement and VEBA Note Agreement could restrict our ability to take actions that management believes are important to our long-term

Table of Contents

strategy. If strategic transactions we wish to undertake are prohibited or inconsistent with, or detrimental to, our long-term viability, our ability to execute our long-term strategy could be materially adversely affected. In addition, monitoring and certifying our compliance with the UST Credit Agreement and VEBA Note Agreement requires a high level of expense and management attention on a continuing basis.

Even though we have made significant modifications to our obligations to the New VEBA, we are still obligated to contribute a significant amount of cash to fund the New VEBA in the future and cumulative dividends on the Series A Preferred Stock must be paid prior to any dividends or distributions to common stockholders.

Even though we have made significant modifications to our obligations to the New VEBA, we are still required to contribute a significant amount of cash to the New VEBA over a period of years. The amounts payable to the New VEBA include: (1) dividends payable on the 260 million shares of Series A Preferred Stock issued to the New VEBA in connection with the closing of the 363 Sale, which have a liquidation preference of $25.00 per share and accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors (the UST and Canada Holdings hold an additional 100 million shares of Series A Preferred Stock); and (2) payments on the VEBA Notes in three equal installments of $1.4 billion on July 15, 2013, 2015 and 2017. On or after December 31, 2014, we may redeem, in whole or in part, the shares of Series A Preferred Stock at the time outstanding, at a redemption price per share equal to the sum of: (1) $25.00 per share; and (2) subject to limited exceptions, any accrued and unpaid dividends. There is no assurance that we will be able to obtain all of the necessary funding to fund our existing VEBA payment obligations on terms that will be acceptable to us. If we are unable to obtain funding from internal or external sources or some combination thereof on terms that are consistent with our business plan, we would have to delay, reduce or cancel other planned expenditures.

Our pension funding obligations may increase significantly due to weak performance of financial markets and its effect on plan assets.

Our future funding obligations for our U.S. defined benefit pension plans qualified with the IRS depends upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. Due to Old GM's contributions to the plans and to the strong performance of these assets during prior periods, the U.S. hourly and salaried pension plans were consistently overfunded from 2005 through 2007, which allowed Old GM to maintain a surplus without making additional contributions to the plans. However, due to significant declines in financial markets and a deterioration in the value of our plan assets, as well as the coverage of additional retirees, including certain Delphi hourly employees, we may need to make significant contributions to our U.S. pension plans in 2013 and beyond. There is no assurance that interest rates will remain constant or that our pension fund assets can earn our assumed rate of 8.5% annually, and our actual experience may be significantly more negative.

If the market values of the assets held by our pension plans decline, our pension expenses would increase and, as a result, could materially adversely affect our financial position. Decreases in interest rates that are not offset by contributions and asset returns could also increase our obligations under such plans. In addition, if local legal authorities increase the minimum funding requirements for our pension plans outside the U.S., we could be required to contribute more funds, which would negatively affect our cash flow.

Despite the formation of our new Company, we continue to have indebtedness and other obligations. Our debt obligations together with our cash needs may require us to seek additional financing, minimize capital expenditures or seek to refinance some or all of our debt.

Despite the formation of our new Company, we continue to have indebtedness and other obligations. Our current and future indebtedness and other obligations could have several important consequences. For example, it could:

- Require us to dedicate a larger portion of our cash flow from operations than we currently do to the payment of principal and interest on our indebtedness and other obligations, which will reduce the funds available for other purposes such as product development;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Make it more difficult for us to satisfy our obligations;
- Make us more vulnerable to adverse economic and industry conditions;
- Limit our ability to withstand competitive pressures;
- Limit our ability to fund working capital, capital expenditures and other general corporate purposes;
- Make us more vulnerable to any continuing downturn in general economic conditions and adverse developments in our business; and
- Reduce our flexibility in responding to changing business and economic conditions.

Future liquidity needs may require us to seek additional financing, or minimize capital expenditures. There is no assurance that any of these alternatives would be available to us on satisfactory terms or on terms that would not require us to renegotiate the terms and conditions of our existing debt agreements.

Our planned investment in new technology in the future is significant and may not be funded at anticipated levels, and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition, we are committed to invest heavily in alternative fuel and advanced propulsion technologies between 2010 and 2012, largely to support our planned expansion of hybrid and electric vehicles, consistent with our announced objective of being recognized as the industry leader in fuel efficiency. Moreover, if our future operations do not provide us with the liquidity we anticipate, we may be forced to reduce, delay or cancel our planned investments in new technology.

In some cases, the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. For example, we have announced that we intend to produce by November 2010 the Chevrolet Volt, an electric car, which requires battery technology that has not yet proven to be commercially viable. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate or that we will be able to establish our right to these technologies. Moreover, our competitors and others are pursuing similar technologies and other competing technologies, in some cases with more money available, and there can be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements and reduced greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business.

We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the costs and changes to our product lineup to comply with them, will increase significantly in the future. In the U.S. and Europe, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy and energy security. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs including civil penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

CAFE provisions in the EISA mandate fuel economy standards beginning in the 2011 model year that would increase to at least 35 mpg by 2020 on a combined car and truck fleet basis, a 40% increase over current levels. In addition, California is implementing a program to regulate vehicle greenhouse gas emissions (AB 1493 Rules), and therefore will require increased fuel economy. This California program has standards currently established for the 2009 model year through the 2016 model year. Thirteen additional states and the Province of Quebec have also adopted the California greenhouse gas standards.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

On May 19, 2009 President Obama announced his intention for the federal government to implement a harmonized federal program to regulate fuel economy and greenhouse gases. He directed the EPA and the U.S. Department of Transportation (DOT) to work together to create standards through a joint rulemaking for control of emissions of greenhouse gases and for fuel economy. In the first phase, these standards would apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles built in model years 2012 through 2016. The CARB has agreed that compliance with EPA's greenhouse gas standards will be deemed compliance with the California greenhouse gas standards for the 2012 through 2016 model years. EPA and DOT issued their final rule to implement this new federal program on April 1, 2010. We have committed to work with EPA, the DOT, the states and other stakeholders in support of a strong national program to reduce oil consumption and address global climate change.

We are committed to meeting or exceeding these regulatory requirements, and our product plan of record projects compliance with the anticipated federal program through the 2016 model year. We expect that to comply with these standards we will be required to sell a significant volume of hybrid or electrically powered vehicles throughout the U.S., as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies at a competitive price, or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

In addition, the EU passed legislation in December 2008 to begin regulating vehicle carbon dioxide emissions beginning in 2012. The legislation sets a target of a fleet average of 95 grams per kilometer for 2020, with the requirements for each manufacturer based on the weight of the vehicles it sells. Additional measures have been proposed or adopted in Europe to regulate features such as tire rolling resistance, vehicle air conditioners, tire pressure monitors, gear shift indicators and others. At the national level, 16 EU Member States have adopted some form of carbon dioxide-based vehicle taxation system, which could result in specific market requirements for us to introduce technology earlier than is required for compliance with the EU emissions standards.

Other governments around the world, such as Canada, South Korea and China, are also creating new policies to address these same societal issues. As in the U.S., these government policies could significantly affect our plans for product development. Due to these regulations we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. Additionally, the regulations will result in substantial costs, which could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs and loss of revenue.

We may be unable to qualify for federal funding for our advanced technology vehicle programs under Section 136 of the EISA or may not be selected to participate in the program.

The U.S. Congress provided the DOE with $25.0 billion in funding to make direct loans to eligible applicants for the costs of re-equipping, expanding, and establishing manufacturing facilities in the U.S. to produce advanced technology vehicles and components for these vehicles. Old GM submitted three applications for Section 136 Loans aggregating $10.3 billion to support its advanced technology vehicle programs prior to July 2009. Based on the findings of the President's Designee under the U.S. Treasury Loan Agreement in March 2009, the DOE determined that Old GM did not meet the viability requirements for Section 136 Loans.

On July 10, 2009 we purchased certain assets of Old GM pursuant to Section 363 of the Bankruptcy Code, including the rights to the loan applications submitted to the Advanced Technology Vehicle Manufacturing Incentive Program (ATVMIP). Further, we submitted a fourth application in August 2009. Subsequently, the DOE advised us to resubmit a consolidated application including all the four applications submitted earlier and also the Electric Power Steering project acquired from Delphi in October 2009. We submitted the consolidated application in October 2009, which requested an aggregate amount of $14.4 billion of Section 136 Loans. Ongoing product portfolio updates and project modifications requested from the DOE have the potential to reduce the maximum loan amount. To date, the DOE has announced that it would provide approximately $8.3 billion in Section 136 Loans to Ford Motor Company, Nissan Motor Company, Tesla Motors, Inc., Fisker Automotive, Inc., and Tenneco Inc. There can be no assurance that we will qualify for any remaining loans or receive any such loans even if we qualify.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit.

Many of our operations, particularly in emerging markets, are carried on by joint ventures such as Shanghai GM. In joint ventures we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities or resources as we do. In general, joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be materially adversely affected. In addition, the benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures.

Shortages of and volatility in the price of oil have caused and may continue to cause diminished profitability due to shifts in consumer vehicle demand.

Volatile oil prices in 2008 and 2009 contributed to weaker demand for some of Old GM's and our higher margin vehicles, especially our fullsize sport utility vehicles, as consumer demand shifted to smaller, more fuel-efficient vehicles, which provide lower profit margins and in recent years represented a smaller proportion of Old GM's and our sales volume in North America. Fullsize pick-up trucks, which are generally less fuel efficient than smaller vehicles, represented a higher percentage of Old GM's and our North American sales during 2008 and 2009 compared to the total industry average percentage of fullsize pick-up truck sales in those periods. Demand for traditional sport utility vehicles and vans also declined during the same periods. Any future increases in the price of oil in the U.S. or in our other markets or any sustained shortage of oil could further weaken the demand for such vehicles, which could reduce our market share in affected markets, decrease profitability and have a material adverse effect on our business.

We could be materially adversely affected by changes or imbalances in foreign currency exchange and other rates.

Because we sell products and buy materials globally over a significant period of time, we are exposed to risks related to the effects of changes in foreign currency exchange rates, commodity prices and interest rates, which can have material adverse effects on our business. In recent years, the relative weakness of certain currencies, including the Japanese Yen, has provided competitive advantages to certain of our competitors. While in recent months the Japanese Yen has strengthened significantly, its weakness in recent years has provided pricing advantages for vehicles and parts imported from Japan to markets with more robust currencies like the U.S. and Western Europe. Moreover, the relative strength of other currencies has negatively affected our business. For example, before the current financial crisis, the relative weakness of the British Pound compared to the Euro has had an adverse effect on our results of operations in Europe. In addition, in preparing our consolidated financial statements we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result, foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operation.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business.

The majority of our vehicle sales are generated outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- Foreign regulations restricting our ability to sell our products in those countries;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions and safety;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect our business.

New laws, regulations or policies of governmental organizations regarding safety standards, or changes in existing ones, may have a significant negative effect on how we do business.

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly, because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

The costs and effect on our reputation of product recalls could materially adversely affect our business.

From time to time, we recall our products to address performance, compliance or safety-related issues. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. In addition, product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above.

We have determined that our disclosure controls and procedures and our internal control over financial reporting are currently not effective. The lack of effective internal controls could materially adversely affect our financial condition and ability to carry out our business plan.

As discussed in Item 9A, "Controls and Procedures", our management team for financial reporting, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our internal controls. At December 31, 2009, because of the inability to sufficiently test the effectiveness of remediated internal controls, they concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective. Until we have been able to test the operating effectiveness of remediated internal controls, and ensure the effectiveness of our disclosure controls and procedures, it may materially adversely affect our ability to report accurately our financial condition and results of operations in the future in a timely and reliable manner. In addition, although we continually review and evaluate internal control systems to allow management to report on the sufficiency of our internal controls, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. Any such additional weakness or failure to remediate the existing weakness could adversely affect our financial condition or ability to comply with applicable financial reporting requirements and the requirements of the Company's various financing agreements.

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Item 1B. ***Unresolved Staff Comments***

None

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 2. ***Properties***

Other than dealerships, at December 31, 2009 we had 121 locations in 27 states and 95 cities or towns in the United States. Of these locations, 41 are manufacturing facilities, of which 11 are engaged in the final assembly of our cars and trucks and other manufacture automotive components and power products. Of the remaining locations, 27 are service parts operations primarily responsible for distribution and warehouse functions, and the remainder are offices or facilities primarily involved in engineering and testing vehicles. In addition, we have 17 locations in Canada, and assembly, manufacturing, distribution, office or warehousing operations in 56 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. The major facilities outside the United States and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

- Argentina
- Australia
- Belgium
- Brazil
- China
- Colombia
- Ecuador
- Egypt
- Germany
- India
- Kenya
- Mexico
- Poland
- Russia
- South Africa
- South Korea
- Spain
- Thailand
- United Kingdom
- Uzbekistan
- Venezuela
- Vietnam

We, our subsidiaries, or associated companies in which we own an equity interest, own most of the above facilities. Leased properties primarily comprised of warehouses and administration, engineering and sales offices. The leases for warehouses generally provide for an initial period of five to 10 years, based upon prevailing market conditions and may contain renewal options. Leases for administrative offices are generally for shorter periods.

Our properties include facilities which, in our opinion, are suitable and adequate for the manufacture, assembly and distribution of our products.

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Item 3. ***Legal Proceedings***

The following section summarizes material pending legal proceedings to which the Company is a party, other than ordinary routine litigation incidental to the business. We and the other defendants affiliated with us intend to defend all of the following actions vigorously.

Canadian Export Antitrust Class Actions

Approximately eighty purported class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001, have been filed in various state and federal courts against General Motors Corporation, GMCL, Ford Motor Company, Chrysler, LLC, Toyota Motor Corporation, Honda Motor Co., Ltd., Nissan Motor Company, Limited, and Bavarian Motor Works and their Canadian affiliates, the National Automobile Dealers Association, and the Canadian Automobile Dealers Association. The federal court actions have been consolidated for coordinated pretrial proceedings under the caption *In re New Market Vehicle Canadian Export Antitrust Litigation Cases* in the U.S. District Court for the District of Maine, and the more than 30 California cases have been consolidated in the California Superior Court in San Francisco County under the case captions *Belch v. Toyota Corporation, et al.* and *Bell v. General Motors Corporation*. Old GM's liability in these matters was not assumed by General Motors Company as part of the 363 Sale. GMCL was not part of Old GM's bankruptcy proceeding and potentially remains liable in all matters. In the California state court cases, oral arguments on the plaintiffs' motion for class certification and defendants' motion in limine were heard on April 21, 2009. The court ruled that it would certify a class. Defendants written appeal to the appropriate California court was denied. Defendants are preparing other substantive motions for summary judgment.

The nearly identical complaints alleged that the defendant manufacturers, aided by the association defendants, conspired among themselves and with their dealers to prevent the sale to U.S. citizens of vehicles produced for the Canadian market and sold by dealers in Canada. The complaints alleged that new vehicle prices in Canada are 10% to 30% lower than those in the United States, and that

Table of Contents

preventing the sale of these vehicles to U.S. citizens resulted in the payment of higher than competitive prices by U.S. consumers. The complaints, as amended, sought injunctive relief under U.S. antitrust law and treble damages under U.S. and state antitrust laws, but did not specify damages. The complaints further alleged unjust enrichment and violations of state unfair trade practices act. On March 5, 2004, the U.S. District Court for the District of Maine issued a decision holding that the purported indirect purchaser classes failed to state a claim for damages under federal antitrust law but allowed a separate claim seeking to enjoin future alleged violations to continue. The U.S. District Court for the District of Maine on March 10, 2006 certified a nationwide class of buyers and lessees under Federal Rule 23(b)(2) solely for injunctive relief, and on March 21, 2007 stated that it would certify 20 separate statewide class actions for damages under various state law theories under Federal Rule 23(b)(3), covering the period from January 1, 2001 to April 30, 2003. On October 3, 2007, the U.S. Court of Appeals for the First Circuit heard oral arguments on Old GM's consolidated appeal of the both class certification orders.

On March 28, 2008, the U.S. Court of Appeals for the First Circuit reversed the certification of the injunctive class and ordered dismissal of the injunctive claim. The U.S. Court of Appeals for the First Circuit also vacated the certification of the damages class and remanded to the U.S. District Court for the District of Maine for determination of several issues concerning federal jurisdiction and, if such jurisdiction still exists, for reconsideration of that class certification on a more complete record. On remand, plaintiffs again moved to certify a damages class, and defendants again moved for summary judgment and to strike plaintiffs' economic expert. On July 2, 2009, the court granted one of defendants' summary judgment motions. Plaintiffs did not appeal. As a result, the only issues remaining in the federal actions relate to disposition of the funds paid by Toyota in a settlement years ago.

American Export Antitrust Class Actions

On September 25, 2007, a claim was filed in the Ontario Superior Court of Justice against GMCL and Old GM on behalf of a purported class of actual and intended purchasers of vehicles in Canada claiming that a similar alleged conspiracy was now preventing lower-cost U.S. vehicles from being sold to Canadians. The Plaintiffs have delivered their certification materials. An order staying claims against MLC was granted in November 2009. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Canadian Dealer Class Action

On January 21, 2010, a claim was filed in the Ontario Superior Court of Justice against GMCL for damages on behalf of a purported class of 215 Canadian General Motors dealers which entered into wind-down agreements with GMCL in May 2009. GMCL offered the Plaintiff dealers the wind-down agreements to assist the Plaintiffs' exit from the GMCL Canadian dealer network upon the expiration of their GM Dealer Sales and Service Agreements (DSSAs) on October 31, 2010, and to assist the Plaintiffs in winding down their dealer operations in an orderly fashion. The Plaintiff dealers allege that the DSSAs have been wrongly terminated by GMCL and that GMCL failed to comply with franchise disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the dealers' statutory right to associate in an attempt to coerce the class member dealers into accepting the wind-down agreements. The Plaintiff dealers claim that the wind-down agreements are void. GMCL is vigorously defending the claims. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Delphi Salaried Pension Plan Claim

On November 12, 2009, we were served with an Amended Complaint in a previously pending case in the United States District Court for the Eastern District of Michigan captioned *Dennis Black, Charles Cunningham, Kenneth Hollis and the Delphi Salaried Retiree Association v. The Pension Benefit Guaranty Corporation, the US Treasury Departments, The Presidential Task Force on the Auto Industry, Timothy Geithner, Steve Rattner, Ron Bloom and General Motors Company*. The case, brought on behalf of participants in the salaried pension plan formerly offered by Delphi, challenges the complex series of events which led to the termination of the Delphi salaried pension plan and its assumption by the Pension Benefit Guaranty Corporation with a significant reduction in benefits, and the allegedly more favorable outcome for unionized employees and retirees participating in other Delphi plans. With respect to us, the Amended Complaint asserts that by reason of the United States Treasury's substantial equity interest in

Table of Contents

the company, we are a government actor and that our actions and those of the other defendants constituted a violation of plaintiff's constitutional rights because of the difference in outcome for participants in the Delphi salaried and hourly pension plans respectively. Plaintiffs ask that the court order us to "top up" Delphi salaried plan consistent with its contributions to Delphi's union plan under other agreements or to require us to distribute funds allocated for Delphi pension plans equally between hourly and salaried plans. Plaintiffs ask the court to order the United States Treasury and other defendants to require us to take such actions, providing loan assistance if necessary. The Amended Complaint also seeks compensatory and punitive damages from defendants other than us and costs and attorneys fees from all defendants. On February 25, 2010, the Bankruptcy Court in the Delphi bankruptcy proceeding granted our motion to enforce the Delphi plan of reorganization as approved by that Court and to enforce its injunction against lawsuits contrary to provisions of that plan, which includes a release with respect to any liability we may have regarding plaintiffs' claims. The Court has ordered plaintiffs to dismiss their claims against us in the Eastern District of Michigan. Such dismissal, however, would be without prejudice to plaintiffs' ability to petition the Bankruptcy Court to set aside its injunction based upon new evidence that we had willfully violated plaintiffs' constitutional rights. Indications are that plaintiffs will appeal the Bankruptcy Court order. In the meantime, plaintiffs have filed a motion to dismiss their case against us in the Eastern District of Michigan.

OnStar Analog Equipment Litigation

Our wholly-owned subsidiary OnStar Corporation is a party to more than 20 putative class actions filed in various states, including Michigan, Ohio, New Jersey, Pennsylvania and California. All of these cases have been consolidated for pretrial purposes in a multi-district proceeding under the caption *In re OnStar Contract Litigation* in the U.S. District Court for the Eastern District of Michigan. The litigation arises out of the discontinuation by OnStar of services to vehicles equipped with analog hardware. OnStar was unable to provide services to such vehicles because the cellular carriers which provide communication service to OnStar terminated analog service beginning in February 2008. In the various cases, the plaintiffs are seeking certification of nationwide or statewide classes of owners of vehicles currently equipped with analog equipment, alleging various breaches of contract, misrepresentation and unfair trade practices. This proceeding has not reached the class certification motion stage, though class discovery is nearly complete. No determination has been made as to whether class certification motions are appropriate, and it is not possible at this time to determine whether class certification or liability is probable as to OnStar or to reasonably ascertain the amount of any liability.

Patent Infringement Litigation

On July 10, 2009, *Kruse Technology Partnership v. General Motors Company* was filed in the U.S. District Court for the Central District of California. In *Kruse*, the plaintiff alleges that we infringed three U.S. patents related to "Internal Combustion Engine with Limited Temperature Cycle" by making and selling diesel engines. The plaintiff has not made a claim specifying damages in this case. However, in a similar case filed against Old GM in December 2008, plaintiff asserted that its royalty damages would be significantly more than $100 million. In April 2009, the plaintiff filed a separate patent infringement action against DMAX, Inc., then a joint venture between Isuzu Diesel Services of America, Inc. and Old GM, and which is now a joint venture between Isuzu Diesel Services of America, Inc. and General Motors LLC, our subsidiary. DMAX manufactures and assembles mechanical and other components of Duramax diesel engines for sale to us. The plaintiff asserted that its royalty damages claim against DMAX, Inc. would exceed $100 million and requests an injunction in both the case against DMAX and the case against General Motors LLC. We are defending *Kruse* on several grounds, including non-infringement and invalidity of the patents.

Unintended Acceleration Class Actions

We have been named as a co-defendant in two of the many class action lawsuits brought against Toyota arising from Toyota's recall of certain vehicles related to reports of unintended acceleration. The two cases are *Nimishabahen Patel v. Toyota Motors North America, Inc. et al* (filed in the United States District Court for the District of Connecticut on February 9, 2010) and *Darshak Shah v. Toyota Motors North America, Inc. et al* (filed in the United States District court for the District of Massachusetts on or about February 16, 2010). The 2009 and 2010 model year Pontiac Vibe, which was manufactured by a joint venture between Toyota and Old GM, included components that were common with those addressed by the Toyota recall and were accordingly the subject of a parallel recall by us. Each case makes allegations regarding Toyota's conduct related to the condition addressed by the recall and asserts breaches of implied and express warranty, unjust enrichment and violation of consumer protection statutes and seeks actual damages, multiple damages, attorneys fees, costs and injunctive relief on behalf of classes of vehicle owners which include owners of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 and 2010 model year Pontiac Vibes. The cases are in their earliest stage, with no determination that class treatment is appropriate. Although a comprehensive assessment of the cases is not possible at this time, we believe that, with respect to the overwhelming majority of Pontiac vehicles addressed by the two cases, the claims asserted are barred by the Sale Approval Order entered by the United States Bankruptcy Court for the Southern District of New York on July 5, 2009.

UAW VEBA Contribution Claim

On April 6, 2010, the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute $450 million to the New VEBA. The UAW alleges that we were required to make this contribution pursuant to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring dated June 22, 2007. The UAW is seeking payment of $450 million. We have not been served in this matter.

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Environmental Matters

Carbon Dioxide Emission Standard Litigation

In a number of cases, we and the Alliance of Automobile Manufacturers, the Association of International Automobile Manufacturers, Chrysler, and various automobile dealers brought suit for declaratory and injunctive relief from state legislation imposing stringent controls on new motor vehicle CO_2 emissions. These cases argue that such state regulation of CO_2 emissions is tantamount to state regulation of fuel economy and is preempted by two federal statutes, the Energy Policy and Conservation Act (EPCA) and the Clean Air Act. California adopted such standards pursuant to its AB 1493 legislation. The California standards have been adopted by 13 other states.

The cases were brought against: (1) CARB on December 7, 2004, in the U.S. District Court for the Eastern District of California (Fresno Division); (2) the Vermont Agency of Natural Resources and the Vermont Department of Environmental Conservation on November 18, 2005, in the U.S. District Court for the District of Vermont; and (3) the Rhode Island Department of Environmental Management on February 13, 2006, in the U.S. District Court for the District of Rhode Island. The cases in Vermont and California were decided at the district court level in 2007. In both cases, the trial courts dismissed the EPCA claims, but the California district court enjoined enforcement of the CO_2 standards under the Clean Air Act unless the U.S. Environmental Protection Agency (EPA) approved them under the Clean Air Act. In March 2008, the EPA disapproved the California CO_2 standards. By that time, appeals of the adverse decisions under EPCA were being initiated in California (Ninth Circuit) and Vermont (Second Circuit). The EPA's action and the California district court's injunction effectively halted implementation of the CO_2 standards in each State that had adopted them.

In January 2009, President Obama directed the EPA to reconsider its disapproval of the California CO_2 standards, and to consider adoption of a national approach to the regulation of vehicle CO_2 emissions that would eliminate any environmental justification for separate state CO_2 standards. The EPA granted approval of the current California CO_2 standards in June 2009, pursuant to President Obama's instruction. In May 2009, we and most of the automotive industry agreed to this "National Standard" approach and, as part of that agreement, to discontinue litigation against the state standards if California and other states agreed to treat compliance with any new federal CO_2 standards as compliance with their separate state standards. Under that agreement, on April 1, 2010 California completed rulemaking to revise its CO_2 standards, and the EPA and the National Highway Traffic Safety Administration (NHTSA) completed rulemaking to establish coordinated vehicle CO_2 emissions and fuel economy standards. The parties have reached agreement on the terms for dismissal of all pending litigation against the state standards, in which we are involved, and we expect that dismissal motions will be filed soon. The litigation had been stayed pending finalization of the California and federal rulemaking.

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Item 4. ***Reserved***

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

On April 7, 2010, we filed a Form 10 with the SEC and, pursuant to Section 12(g) of the Exchange Act, registered our common stock. Our common stock is not traded on any exchange or other interdealer electronic trading facility and there is no established public trading market for our common stock.

Holders

We have a total of 500 million issued and outstanding shares of common stock which are held by four stockholders of record and a total of 106 million shares of common stock for which warrants are initially exercisable by two stockholders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. In addition, the UST Credit Agreement and the VEBA Note Agreement contain certain restrictions on our ability to pay dividends, other than dividends payable solely in shares of our common stock.

In particular, each of the UST Credit Agreement and the VEBA Note Agreement provides that we may not pay any such dividends on our common stock unless: no default or event of default has occurred under such agreement and is continuing at the time of such payment; and immediately prior to and after giving effect to such dividend, our consolidated leverage ratio is less than 3.00 to 1.00.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Equity Compensation Plan Information

The table below contains information about securities authorized for issuance under equity compensation plans. The features of these plans are discussed further in Note 29 to the consolidated financial statements.

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights (in millions)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (a)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (b)
Equity compensation plans approved by security holders General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan (c)	0.3	$ —	9.7

(a) The awards under the General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan are restricted stock units. The restricted stock units do not have an exercise price, and the awards will be payable in cash if settled prior to six months after completion of an initial public offering of our equity.

(b) Excludes securities reflected in the first column, "Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights."

(c) At December 31, 2009 all of our equity compensation plans were approved by security holders.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Recent Sales of Unregistered Securities

Holding Company Merger

In October 2009 in connection with a merger effected pursuant to an Agreement and Plan of Merger, dated as of October 15, 2009 by and among us, the previous GM Company and GM Merger Subsidiary Inc., a Delaware corporation and indirect wholly-owned subsidiary of the previous GM Company, we issued new securities. These new securities were issued solely in exchange for the corresponding securities of the previous GM Company. These new securities have the same economic terms and provisions as the corresponding previous GM Company securities and upon completion of the merger were held by our securityholders in the same class evidencing the same proportional interest in us as the securityholders held in the previous GM Company.

Common Stock

- Issued 304 million shares to the UST;
- Issued 58 million shares to Canada Holdings;
- Issued 88 million shares to the New VEBA; and
- Issued 50 million shares to MLC.

Series A Preferred Stock

- Issued 84 million shares to the UST;
- Issued 16 million shares to Canada Holdings; and
- Issued 260 million shares to the New VEBA.

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014, we may redeem, in whole or in part, the shares of Series A Preferred Stock at the time outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

Warrants

- Issued warrants to MLC to acquire 45.5 million shares of our common stock, exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share;
- Issued warrants to MLC to acquire 45.5 million shares of our common stock, exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share; and
- Issued warrants to the New VEBA to acquire 15.2 million shares of our common stock, exercisable at any time prior to December 31, 2015, with an exercise price set at $126.92 per share.

The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

363 Sale

The foregoing securities were issued to the UST, Canada Holdings, the New VEBA and MLC solely in exchange for the corresponding securities of the previous GM Company in connection with the merger. The consideration originally paid for the securities of the previous GM Company with respect to each of the UST, Canada Holdings, the New VEBA and MLC in connection with the formation of the previous GM Company and the 363 Sale on July 10, 2009 was as follows:

UST

- The UST's existing credit agreement with Old GM;
- The UST's portion of Old GM's DIP Facility (other than debt we assumed or MLC's wind-down facility) and all of the rights and obligations as lender thereunder;
- The warrants Old GM previously issued to the UST; and
- Any additional amounts the UST loaned to Old GM prior to the closing of the 363 Sale with respect to each of the foregoing UST credit facilities.

Canada Holdings

- Certain existing loans made to GMCL;
- Canada Holding's portion of the DIP Facility (other than debt we assumed or MLC's wind-down facility); and
- The loans made to us under the existing loan agreement between GMCL and EDC immediately following the closing of the 363 Sale.

New VEBA

- The compromise of certain claims against MLC existing under the 2008 UAW Settlement Agreement.

MLC

- The assets acquired by us pursuant to the Purchase Agreement, offset by the liabilities we assumed pursuant to the Purchase Agreement.

Refer to Note 2 to the consolidated financial statements for a discussion of the Chapter 11 Proceedings and the 363 Sale.

Securities Act Exemption

The securities of the previous GM Company, and our securities issued in replacement thereof in the merger, were issued pursuant to an exemption provided by Section 4(2) under the Securities Act.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. ***Selected Financial Data***
(Dollars in millions except per share amounts)

	Successor	Predecessor				
	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Years Ended December 31,			
			2008	2007	2006	2005
Total net sales and revenue (b)	$ 57,474	$ 47,115	$148,979	$179,984	$204,467	$192,143
Reorganization gains, net (c)	$ —	$ 128,155	$ —	$ —	$ —	$ —
Income (loss) from continuing operations (c)(d)	$ (3,786)	$ 109,003	$ (31,051)	$ (42,685)	$ (2,155)	$ (10,625)
Income from discontinued operations, net of tax (e)	—	—	—	256	445	313
Gain on sale of discontinued operations, net of tax (e)	—	—	—	4,293	—	—
Cumulative effect of a change in accounting principle (f)	—	—	—	—	—	(109)
Net income (loss) (c)	(3,786)	109,003	(31,051)	(38,136)	(1,710)	(10,421)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)	(324)	(48)
Less: Cumulative dividends on preferred stock	(131)	—	—	—	—	—
Net income (loss) attributable to common stockholders (c)	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)	$ (2,034)	$ (10,469)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders before cumulative effect of change in accounting principle	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)	$ (18.87)
Income from discontinued operations attributable to common stockholders (e)	—	—	—	8.04	0.79	0.55
Loss from cumulative effect of a change in accounting principle attributable to common stockholders (f)	—	—	—	—	—	(0.19)
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)	$ (18.51)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders before cumulative effect of change in accounting principle	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)	$ (18.87)
Income from discontinued operations attributable to common stockholders (e)	—	—	—	8.04	0.79	0.55
Loss from cumulative effect of a change in accounting principle attributable to common stockholders (f)	—	—	—	—	—	(0.19)
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)	$ (18.51)
Cash dividends per common share	$ —	$ —	$ 0.50	$ 1.00	$ 1.00	$ 2.00
Total assets (b)(d)(g)	$ 136,295	$ 104,575	$ 91,039	$148,846	$185,995	$473,938
Notes and loans payable (b)(h)	$ 15,783	$ 48,394	$ 45,938	$ 43,578	$ 47,476	$286,943
Equity (deficit) (d)(f)(i)(j)	$ 21,957	$ (109,128)	$ (85,076)	$ (35,152)	$ (4,076)	$ 15,931

(a) At July 10, 2009 we applied fresh-start reporting following the guidance in ASC 852, "Reorganizations." The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for the period July 10, 2009 through December 31, 2009 is not comparable to Old GM's financial information.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(b) In November 2006 Old GM sold a 51% controlling ownership interest in GMAC, resulting in a significant decrease in total consolidated net sales and revenue, assets and notes and loans payable.

(c) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to the consolidated financial statements for additional detail.

(d) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(e) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(f) In December 2005 Old GM recorded an asset retirement obligation of $181 million, which was $109 million net of related income tax effects.

(g) In December 2006 Old GM recorded the funded status of its benefit plans on the consolidated balance sheet with an offsetting adjustment to Accumulated other comprehensive loss of $16.9 billion in accordance with the adoption of new provisions of ASC 715, "Compensation — Retirement Benefits."

(h) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility. In December 2008 Old GM borrowed $4.0 billion under the UST Loan Facility.

(i) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, "Compensation — Retirement Benefits."

(j) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

General Motors Company

General Motors Company was formed by the UST in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation in the 363 Sale on July 10, 2009 and changed its name to General Motors Company. General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Corporation (MLC). MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

We are engaged primarily in the worldwide development, production and marketing of cars, trucks, and parts. We also own a 16.6% equity interest in GMAC, which is accounted for as a cost method investment because we cannot exercise significant influence over GMAC. GMAC provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our three segments, namely GMNA, GME, and GMIO.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

OVERVIEW

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. In addition, legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continue to strain on Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of

Table of Contents

financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from EDC, a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for UAW retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the New VEBA, such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the President's Designee (Certification Deadline), the President's Designee had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the President's Designee determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the President's Designee's requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations:

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST GMAC Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other cost reduction and restructuring actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was to be phased out by the end of 2010;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Acceleration of the reduction in U.S. nameplates to 34 by 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued(a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Purchase Agreement between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In connection with the 363 Sale, the purchase price paid to Old GM was comprised of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue the Adjustment Shares in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed the UST Loans of $7.1 billion. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has the Canadian Loan of CAD $1.5 billion (equivalent to $1.3 billion when entered into).

Refer to Note 18 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC:

UST

- 304.1 million shares of our common stock;
- 83.9 million shares of our Series A Fixed Rate Cumulative Perpetual Preferred Stock (Series A Preferred Stock);

Canada Holdings

- 58.4 million shares of our common stock;
- 16.1 million shares of Series A Preferred Stock;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

New VEBA

- 87.5 million shares of our common stock;
- 260.0 million shares of Series A Preferred Stock;
- Warrant to acquire 15.2 million shares of our common stock;

MLC

- 50.0 million shares of our common stock; and
- Two warrants, each to acquire 45.5 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock is classified as temporary equity because one of the holders, the UST, controls our Board of Directors and could compel us to call the Preferred Stock for redemption in 2014. We are not accreting the Preferred Stock to its redemption amount of $9.0 billion because we believe it is not probable that the UST will control our Board of Directors in 2014.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Emergence from Bankruptcy

We also modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and placing a cap on pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately from operating loss. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Renewed Business Focus

The formation of General Motors Company, in connection with the 363 Sale, has positioned us to achieve profitability with the execution of certain key strategic initiatives. Achieving our goal of returning to profitability includes developing a culture with an increased focus on our customers' needs and our product quality and design.

Core Brands

Going forward we will focus on four core brands in North America: Chevrolet, Cadillac, Buick, and GMC. We anticipate that these four core brands will have a total of 34 U.S. nameplates by the end of 2010. We believe the focus on four core brands will enable us to allocate more resources to each, resulting in improved product, design, quality and marketing.

Operational Structure

To promote a new company culture, we have revised our operational structure to streamline our business and speed our decision making processes in order to respond to customer needs and market demands faster. In order to streamline our business and speed our decision making processes and in anticipation of the sale of our Adam Opel GmbH (Adam Opel) operations, we had revised our operational structure, combining Old GM's Europe, Latin America/Africa/Middle East and Asia Pacific segments into one segment, GMIO. In November 2009 our Board of Directors subsequently elected to retain sole ownership of the Adam Opel operations. We have therefore determined our current operational structure to be GMNA, GME, and GMIO, which combines Old GM's Latin America/Africa/Middle East and Asia Pacific segments. We have eliminated our regional strategy boards, as well as two senior leadership forums, the Automotive Strategy Board and the Automotive Product Board. We have instituted a single, smaller executive committee, which meets more frequently and focuses on business results, products, brands and customers. We have revised the segment presentation for all periods presented.

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases. The Delphi Benefit Guarantee Agreements require that in the event that Delphi or its successor companies ceases doing business or becomes subject to financial distress Old GM could be liable if Delphi fails to provide certain benefits at the required level.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Investment in GMAC

As part of the approval process for GMAC to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in GMAC to less than 10% of the voting and total equity of GMAC by December 24, 2011. At December 31, 2009 our equity ownership in GMAC was 16.6%.

In December 2008 Old GM and FIM Holdings, an assignee of Cerberus ResCap Financing LLC, entered into a subscription agreement with GMAC under which each agreed to purchase additional Common Membership Interests in GMAC, and the UST committed to provide Old GM with additional funding in order to purchase the additional interests. In January 2009 Old GM entered into the UST GMAC Loan Agreement pursuant to which it borrowed $884 million (UST GMAC Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests of GMAC. The UST GMAC Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST GMAC Loan was secured by Old GM's Common and Preferred Membership Interests in GMAC. As part of this loan agreement, the UST had the option to convert outstanding amounts into a maximum of 190,921 shares of GMAC's Class B Common Membership Interests on a pro rata basis.

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST GMAC Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of GMAC Common Membership Interests of $2.5 billion and a loss on extinguishment of the UST GMAC Loan of $2.0 billion. After the exchange, Old GM's ownership was reduced to 24.5% of GMAC's Common Membership Interests.

GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities of $2.5 billion and mandatory convertible preferred securities of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion. In addition the UST converted $3.0 billion of its mandatory convertible preferred securities into GMAC common stock. These actions resulted in the dilution of our GMAC common stock investment from 24.5% to 16.6%, of which 6.7% is held directly and 9.9% is held in an independent trust. Pursuant to previous commitments to reduce influence over and ownership in GMAC, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all GMAC common stock held in the trust by December 24, 2011.

Strategic Initiatives

The execution of certain strategic initiatives is critical in achieving our goal of sustained future profitability. The following provides a summary of these initiatives and significant results and events.

U.S. Automobile Industry and GMNA

Our U.S. operations represent a substantial portion of our business and attaining future profitability in our U.S. operations is imperative if we are to achieve our worldwide profitability, debt reduction and U.S. market share goals.

Our plan to return our U.S. operations to profitability includes programs that enhance our customers' interaction at the point of sale through improved dealership operations. The first program, Standards for Excellence, is an initiative focused upon improving sales and customer satisfaction. The program includes an in-store facilitator, process improvement programs and customer research. Incentives are awarded to those dealers that achieve their targets under this program. Participating dealers in this program have consistently outperformed non-participating dealers. The second program, Essential Brand Elements, is an initiative focused upon

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

conformance with four critical sales and marketing elements: (1) Customer Sales and Service Retention communications; (2) digital marketing; (3) high training standards; and (4) facility image requirements. Dealers that participate and are compliant earn quarterly incentives. Of our dealerships, 97% have participated in the program and compliance has increased for all elements.

In the year ended 2009 certain data such as vehicle sales, market share data and production volume combine our data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Vehicle Sales and Market Share

In the year ended 2009 U.S. industry vehicle sales were 10.6 million vehicles, of which combined GM and Old GM market share was 19.6%. This represents a decline in U.S. industry vehicle sales from 13.5 million vehicles (or 21.4%) and a decline in Old GM market share, which was 22.1% in 2008. The negative economic effects of the U.S. recession, in 2008, continued to effect the U.S. automobile industry in 2009 resulting in decreased U.S. industry vehicle sales.

Combined GM and Old GM dealers in the U.S. sold 2.1 million vehicles in the year ended 2009. This represents a decline from Old GM U.S. vehicle sales of 3.0 million vehicles (or 30.1%) in 2008. This decrease relates to the continuing tight credit markets, high unemployment rates and recessions in the United States and many international markets negatively affecting industry vehicle sales during 2009. In addition, Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales. This decrease was also affected by a reduction in combined GM and Old GM U.S. fleet sales to 514,000 vehicles from 823,000 vehicles (or 37.5%), reduced incentive spending and the orderly wind-down of non-core brands. Despite this decrease in the combined GM and Old GM U.S. vehicle sales, combined GM and Old GM dealers' U.S. quarterly vehicle sales increased from 413,000 vehicles in the three months ended March 31, 2009 to 541,000 vehicles (or 31.1%) in the three months ended June 30, 2009. Combined GM and Old GM dealers' U.S. quarterly vehicle sales increased to 593,000 vehicles (or 9.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 levels. The combined GM and Old GM dealers' U.S. quarterly vehicle sales increases in the first three quarters of 2009 reflect successful product launches, such as the Chevrolet Camaro, and vehicle sales from our portfolio of fuel efficient vehicles, such as the Chevrolet Aveo and Cobalt and crossovers Equinox and HHR, related to the U.S. government Car Allowance Rebate System (CARS) program. In the fourth quarter of 2009 our dealers' U.S. vehicle sales decreased to 538,000 vehicles (or 9.3%) as compared to September 2009 levels reflecting lost momentum from the expired CARS program.

In the year ended 2009 combined GM and Old GM core brands accounted for 87.1% of combined GM and Old GM total U.S vehicle sales. These core brands consist of Buick, Cadillac, Chevrolet and GMC. Combined GM and Old GM dealers' U.S. quarterly core brand vehicle sales increased from 346,000 vehicles in the three months ended March 31, 2009 to 465,000 vehicles (or 34.4%) in the three months ended June 30, 2009. Combined GM and Old GM dealers' U.S. quarterly core brand vehicle sales increased to 509,000 vehicles (or 9.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 levels. These core brand vehicle sale increases are reflective of the new product launches and the CARS program mentioned previously. In the fourth quarter of 2009 our U.S. core brand vehicle sales decreased to 496,000 vehicles (or 2.5%) reflecting the expiration of the CARS program. In the fourth quarter of 2009 core brand vehicle sales reached 92.3% of total U.S. vehicle sales as the wind-down of non-core brands Pontiac and Saturn were ahead of schedule. At December 31, 2009 only 2,752 Pontiac or Saturn vehicles remained in dealer stock.

The continued increase in U.S. industry and core brand vehicle sales is critical for us to achieve our worldwide profitability, debt reduction, and U.S. market share goals.

U.S. Salaried and Hourly Headcount Reductions

In June 2009 Old GM announced its intention to reduce U.S salaried headcount by means of the 2009 Salaried Window Program. At December 31, 2009 our U.S. salaried workforce was 26,000 employees. At December 31, 2008 Old GM's U.S. salaried workforce was 29,000 employees. This represents a decrease of 5,000 U.S. salaried employees, excluding 2,000 U.S. salaried employees acquired with Delphi's global steering business (Nexteer) and four domestic facilities, as more fully discussed in "Delphi Master Disposition Agreement" in this MD&A.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In order to align U.S. hourly headcount with current production levels, Old GM determined that reductions in its U.S. hourly workforce were necessary. At December 31, 2009 13,000 U.S. hourly employees had elected to participate in the 2009 Special Attrition Programs, introduced in February and in June of 2009. At December 31, 2009 our U.S. hourly headcount was 51,000 employees. At December 31, 2008 Old GM's U.S. hourly headcount was 62,000 employees. This represents a decrease of 16,000 U.S. hourly employees, excluding 5,000 U.S. hourly employees acquired with Nexteer and four domestic facilities.

Manufacturing Operations Rationalization

We continue to consolidate our U.S. manufacturing operations while maintaining the flexibility to meet increasing 2010 production levels. At December 31, 2009 we had reduced the number of U.S. manufacturing plants to 41 from 47 in 2008, excluding Nexteer and four domestic facilities recently acquired from Delphi.

In the year ended 2009 combined GM and Old GM GMNA produced 1.9 million vehicles. This represents a decrease of 44.5% compared to 3.4 million vehicles in the year ended 2008. However, combined GM and Old GM GMNA production levels increased from 371,000 vehicles in the three months ended March 31, 2009 to 395,000 vehicles (or 6.5%) in the three months ended June 30, 2009. Combined GM and Old GM GMNA production increased to 531,000 vehicles (or 34.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 quarterly production levels. GMNA production increased to 616,000 vehicles (or 16.0%) in the three months ended December 31, 2009 as compared to September 30, 2009 quarterly production levels. The increase in production levels from the three months ended September 30, 2009 related to increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX.

Timely Repayment of Debt

Proceeds from the DIP Facility were necessary in order to provide sufficient capital to operate. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities going forward is to repay the outstanding balances from these loans prior to maturity.

Repayment of UST Loans and Canadian Loan

In November 2009 we signed amendments to the UST Credit Agreement and Canadian Loan Agreement to provide for quarterly repayments of the UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC. In December 2009 and March 2010 we made our first two quarterly payments on the UST Loans and Canadian Loan. Upon making such payments, equivalent amounts were released to us from escrow. After these payments, the carrying amounts of the UST Loans and Canadian Loan were $4.7 billion and $1.0 billion.

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow and will be distributed to us at our request upon certain conditions. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. In the event of an initial public offering of our equity, this accelerated payment schedule would be suspended. Any funds remaining in our escrow account after repayment of the loans will be released to us. We have used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP, (New Delphi) in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. In addition, $2.4 billion were released from escrow in connection with two quarterly payments of $1.2 billion on the UST Loans and Canadian Loan. At March 31, 2010 our escrow account had a balance of $11.3 billion.

UST Credit Agreement and Canadian Loan Agreement

On July 10, 2009 we entered into the UST Credit Agreement and assumed the UST Loans in the amount of $7.1 billion incurred by Old GM under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment, reducing

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

the UST Loans principal balance to $6.7 billion. On July 10, 2009 through our wholly-owned subsidiary GMCL, we also entered into the amended and restated Canadian Loan Agreement with EDC, and assumed the CAD $1.5 billion (equivalent to $1.3 billion when entered into) Canadian Loan.

We are required to prepay the UST Loans and Canadian Loan on a pro rata basis, between the UST Loans, Canadian Loan and VEBA Notes, in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We may also voluntarily repay the UST Loans and Canadian Loan in whole or in part at any time. Once repaid, amounts borrowed under the UST Credit Agreement may not be reborrowed. The UST Credit Agreement and the Canadian Loan Agreement mature on July 10, 2015.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Brand Rationalization

As mentioned previously, we will focus our resources in the U.S. on four core brands: Chevrolet, Cadillac, Buick and GMC. As a result, we completed the sale of Saab in February 2010 and have announced plans to sell or phase out our Pontiac, Saturn, and HUMMER brands. In connection with the rationalization of our brands, there is no planned investment for Pontiac, and the brand is expected to be phased out by the end of 2010.

Saturn

In September 2009 we decided to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us. Pursuant to the terms of the deferred termination agreements, the wind-down process is scheduled to be completed no later than October 2010.

HUMMER

In February 2010 we announced Tengzhong was unable to complete the acquisition of HUMMER. We will now work closely with HUMMER employees, dealers and suppliers to wind-down the HUMMER brand in an orderly, responsible manner.

Saab

In February 2010 we completed the sale of Saab to Spyker Cars NV. As part of the agreement, Saab and Spyker Cars NV will operate under the Spyker Cars NV umbrella and Spyker Cars NV will assume responsibility for Saab operations. The previously announced wind-down activities of Saab operations have ended.

U.S. Dealer Reduction

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Wind-down agreements with over 1,800 U.S. retail dealers have been executed. The retail dealers executing wind-down agreements have agreed to terminate their dealer agreements with us prior to October 31, 2010. Our plan was to reduce dealerships in the United States to approximately 3,600 to 4,000 in the long-term. However, in December 2009 President Obama signed legislation giving dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a

Table of Contents

wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in our sending over 600 letters of intent, containing our core business criteria for operation of a dealership to dealers, which upon compliance by the dealer, would result in reinstatement of the dealership. We expect to have the overall arbitration and reinstatement process fundamentally resolved in 2010. Due to the reinstatement of dealerships and the uncertainty of the outcome of the remaining binding arbitration cases we expect the number of dealerships in our network to exceed the previously estimated range.

To create a strong and viable distribution network for our products, continuing dealers have signed participation agreements. These participation agreements include performance expectations in the areas of retail sales, new vehicle inventory and facility exclusivity.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. We are currently in discussions with European governments concerning funding support. Our plan includes:

- Funding requirement estimate of Euro 3.7 billion (equivalent to $5.1 billion) including original estimate of Euro 3.3 billion plus an additional Euro 0.4 billion, requested by European governments, to offset the potential effect of adverse market developments;
- Financing contributions from us of Euro 1.9 billion (equivalent to $2.6 billion) or more than 50% of the overall funding requirements;
- Requested of total funding support/loan guarantees from European governments of Euro 1.8 billion (equivalent to $2.5 billion);
- We plan to invest in capital and engineering of Euro 11.0 billion (equivalent to $15.0 billion) over the next five years; and
- Reduced capacity to adjust to current and forecasted market conditions including headcount reductions of 1,300 employees in sales and administration, 7,000 employees in manufacturing and the idling of our Antwerp, Belgium facility.

With these restructuring initiatives complete, we plan to have 80% of our carlines at an age of three years or less by 2012. This would be accomplished by eight product launches in 2010 and another four product launches in 2011. In addition, we plan to invest Euro 1.0 billion to introduce innovative fuel efficient powertrain technologies including an additional extended-range electric vehicle and introducing battery-electric vehicles in smaller-size segments.

If our Opel/Vauxhall operations cannot secure the government-sponsored financing package above, we would be responsible for its remaining funding requirements and this could have a significant negative effect on our liquidity position. To the extent our liquidity is not available to finance the Opel/Vauxhall operations and Adam Opel fails to secure government-sponsored financing or other financing, the long term viability of the Opel/Vauxhall operations could be negatively affected.

Delphi Master Disposition Agreement

In October 2009 we consummated the transaction contemplated in the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with the Investors who held the Delphi Tranche DIP facilities, agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities have been retained by DPH to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA,

Table of Contents

we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Section 136 Loans

Section 136 of the Energy Independence and Security Act of 2007 establishes an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S.

The U.S. Congress provided the U.S. Department of Energy (DOE) with $25.0 billion in funding to make direct loans to eligible applicants for the costs of re-equipping, expanding, and establishing manufacturing facilities in the United States to produce advanced technology vehicles and components for these vehicles. Old GM submitted three applications for Section 136 Loans aggregating $10.3 billion to support its advanced technology vehicle programs prior to July 2009. Based on the findings of the President's Designee under the U.S. Treasury Loan Agreement in March 2009, the DOE determined that Old GM did not meet the viability requirements for Section 136 Loans.

On July 10, 2009, we purchased certain assets of Old GM pursuant to Section 363 of the Bankruptcy Code, including the rights to the loan applications submitted to the ATVMIP. Further, we submitted a fourth application in August 2009. Subsequently, the DOE advised us to resubmit a consolidated application including all the four applications submitted earlier and also the Electric Power Steering project acquired from Delphi in October 2009. We submitted the consolidated application in October 2009, which requested an aggregate amount of $14.4 billion of Section 136 Loans. Ongoing product portfolio updates and project modifications requested from the DOE have the potential to reduce the maximum loan amount. To date, the DOE has announced that it would provide approximately $8.3 billion in Section 136 Loans to Ford Motor Company, Nissan Motor Company, Tesla Motors, Inc., Fisker Automotive, Inc., and Tenneco Inc. There can be no assurance that we will qualify for any remaining loans or receive any such loans even if we qualify.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

2009 Special Attrition Programs

In February and June 2009 Old GM announced the 2009 Special Attrition Programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment. In the period January 1, 2009 through July 9, 2009 Old GM recorded postemployment benefit charges related to these programs for 13,000 employees. In the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 7,980 and 5,000 employees accepted the terms of the 2009 Special Attrition Programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Global Salaried Workforce Reductions

In February and June 2009 Old GM announced its intention to reduce global salaried headcount. The U.S. salaried employee reductions related to this initiative were to be accomplished primarily through the 2009 Salaried Window Program or through a severance program funded from operating cash flows. These programs were involuntary programs subject to management approval where employees were permitted to express interest in retirement or separation, for which the charges for the 2009 Salaried Window Program were recorded as special termination benefits funded from the U.S. salaried defined benefit pension plan and other applicable retirement benefit plans.

A net reduction of 9,000 salaried employees was achieved globally, excluding 2,000 salaried employees acquired with our acquisition of Nexteer and four domestic facilities, as more fully discussed in "Delphi Master Disposition Agreement" in this MD&A. Global salaried headcount decreased from 73,000 salaried employees at December 31, 2008 to 66,000 at December 31, 2009, including a reduction of 5,500 U.S. salaried employees.

U.S. Salaried Benefits Changes

In February 2009 Old GM reduced salaried retiree life benefits for U.S. salaried employees. In June 2009 Old GM approved and communicated plan amendments associated with the U.S. salaried retiree health care program including reduced coverage and increases to cost sharing. In June 2009 Old GM also communicated changes in benefits for retired salaried employees including an acceleration and further reduction in retiree life insurance, elimination of the supplemental executive life insurance benefit, and reduction in supplemental executive retirement plan, contingent on completion of the 363 Sale.

2009 Revised UAW Settlement Agreement

In May 2009 the UAW and Old GM agreed to the 2009 Revised UAW Settlement Agreement relating to the UAW hourly retiree medical plan and the 2008 UAW Settlement Agreement that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. The 2009 Revised UAW Settlement Agreement was subject to the successful completion of the 363 Sale and we and the UAW executed the 2009 Revised UAW Settlement Agreement on July 10, 2009 in connection with the 363 Sale. Details of the most significant changes to the agreement are:

- The Implementation Date changed from January 1, 2010 to the later of December 31, 2009 or the emergence from bankruptcy, which occurred on July 10, 2009;
- The timing of payments to the New VEBA changed as subsequently discussed;
- The form of consideration changed as subsequently discussed;
- The contribution of employer securities changed such that they are contributed directly to the New VEBA in connection with the 363 Sale on July 10, 2009;
- Certain coverages will be eliminated and certain cost sharing provisions will increase; and
- The flat monthly special pension lifetime benefit that was scheduled to commence on January 1, 2010 was eliminated.

There was no change to the timing of our existing internal VEBA asset transfer to the New VEBA in that the internal VEBA asset transfer occurred within 10 business days after December 31, 2009 in accordance with both the 2008 UAW Settlement Agreement and the 2009 Revised UAW Settlement Agreement.

The new payment terms to the New VEBA under the 2009 Revised UAW Settlement Agreement are:

- VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017;

Table of Contents

- 260 million shares of our Series A Preferred Stock that accrue cumulative dividends at 9.0% per annum;
- 88 million shares (17.5%) of our common stock;
- A warrant to acquire 15 million shares (2.5%) of our common stock at $126.92 per share at any time prior to December 31, 2015;
- Two years funding of claims costs for certain individuals that elected to participate in the 2009 Special Attrition Programs; and
- The existing internal VEBA assets.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the 2009 Revised UAW Settlement Agreement.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the IUE-CWA, and the USW. Under the settlement agreement, the IUE-CWA and the USW agreed to withdraw and release all claims against us and MLC relating to retiree health care benefits and basic life insurance benefits. In exchange, the IUE-CWA, the USW and any additional union that agrees to the terms of the settlement agreement will be granted an allowed pre-petition unsecured claim in MLC's Chapter 11 proceedings of $1.0 billion with respect to retiree health and life insurance benefits for the post-age-65 medicare eligible retirees, post-age-65 surviving spouses and under-age-65 medicare eligible retirees or surviving spouses disqualified for retiree health care benefits from us under the settlement agreement. For participants remaining eligible for health care, certain coverages were eliminated and cost sharing will increase.

The settlement agreement was expressly conditioned upon, and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to health care and life insurance.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified the 2009 CAW Agreement intended to reduce manufacturing costs in Canada by closing the competitive gap with transplant automakers in the United States on active employee labor costs and reducing legacy costs through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments.

GMCL subsequently entered into additional negotiations with the CAW which resulted in a further addendum to the 2008 collective agreement which was ratified by the CAW members in May 2009. In June 2009 the Ontario and Canadian governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree health care benefits to certain active and retired employees represented by the CAW. The HCT will be implemented when certain preconditions are achieved including certain changes to the Canadian Income Tax Act. The preconditions have not been achieved and the HCT is not yet implemented at December 31, 2009. Under the terms of the HCT agreement, GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period December 31, 2009 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree health care benefits to current employees and retired plan participants.

Canadian Defined Benefit Pension Plan Contributions

Under the terms of the pension agreement with the Government of Ontario and the Superintendent of Financial Services, GMCL was required to make initial contributions of CAD $3.3 billion to the Canadian hourly defined benefit pension plan and CAD $0.7 billion to the Canadian salaried defined benefit pension plan, effective September 2, 2009. The contributions were made as scheduled. GMCL is required to make five annual contributions of CAD $200 million, payable in monthly installments, beginning in September 2009. The payments will be allocated between the Canadian hourly defined benefit pension plan and the Canadian salaried defined benefit pension plan as specified in the loan agreement.

Delphi Corporation

In July 2009 we entered into the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer and four domestic facilities. As a result of the DMDA, active Delphi plan participants at the sites covered by the DMDA are now covered under our comparable counterpart plans as new employees with vesting rights. As part of the DMDA, we also assumed liabilities associated with certain international benefit plans.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program. The Supplemental Unemployment Benefit (SUB) was modified and the Transition Support Program (TSP) was added. These job security programs provide reduced wages and employees continue to receive coverage under certain employee benefit programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities, and expenses. As a result, certain financial information at and in the period July 10, 2009 through December 31, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. We have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to the consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM's financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2009 and in the periods presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases and sales of parts and accessories.

Cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit gains and losses, and separation and impairment charges. Prior to our application of fresh-start reporting, Cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and state and local taxes.

Consolidated Results of Operations
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales and revenue				
Sales	$ 57,329	$ 46,787	$ 147,732	$ 177,594
Other revenue	145	328	1,247	2,390
Total net sales and revenue	57,474	47,115	148,979	179,984
Costs and expenses				
Cost of sales	56,381	55,814	149,257	165,573
Selling, general and administrative expense	6,006	6,161	14,253	14,412
Other expenses, net	15	1,235	6,699	4,308
Total costs and expenses	62,402	63,210	170,209	184,293
Operating loss	(4,928)	(16,095)	(21,230)	(4,309)
Equity in income (loss) of and disposition of interest in GMAC	—	1,380	(6,183)	(1,245)
Interest expense	(694)	(5,428)	(2,525)	(3,076)
Interest income and other non-operating income, net	440	852	424	2,284
Gain (loss) on extinguishment of debt	(101)	(1,088)	43	—
Reorganization gains, net	—	128,155	—	—
Income (loss) from continuing operations before income taxes and equity income	(5,283)	107,776	(29,471)	(6,346)
Income tax expense (benefit)	(1,000)	(1,166)	1,766	36,863
Equity income, net of tax	497	61	186	524
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Discontinued operations				
Income from discontinued operations, net of tax	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	4,293
Income from discontinued operations	—	—	—	4,549
Net income (loss)	(3,786)	109,003	(31,051)	(38,136)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)
Net income (loss) attributable to stockholders	(4,297)	109,118	(30,943)	(38,542)
Less: Cumulative dividends on preferred stock	131	—	—	—
Net income (loss) attributable to common stockholders	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)(b)			
GMNA	1,913	3,449	4,267
GME	1,134	1,550	1,828
GMIO (b)	3,456	3,145	3,191
Worldwide	6,503	8,144	9,286

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

(b) Includes SGM, SGMW and FAW-GM joint venture production. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM production volume in China.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)									
GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
GMIO (c)	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer.

(b) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(c) Includes SGM, SGMW and FAW-GM joint venture sales. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of global market share.

(d) Vehicle sales data may include rounding differences.

Reconciliation of Segment Results

Management believes earnings before interest and taxes (EBIT) provides meaningful supplemental information regarding our operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons, benchmark performance among geographic regions and assess whether our plan to return to profitability is on target. Accordingly, we believe EBIT is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

While management believes that EBIT provides useful information, it is not an operating measure under U. S. GAAP and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U. S. GAAP measures.

The following table summarizes the reconciliation of Income (loss) attributable to stockholders before interest and taxes to Net income (loss) attributable to stockholders for each of our operating segments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Operating segments				
GMNA (a)	$ (4,820)	$ (11,092)	$ (12,203)	$ 1,876
GMIO (a)	1,198	(956)	473	1,911
GME (a)	(805)	(2,823)	(2,637)	(410)
Total operating segments	(4,427)	(14,871)	(14,367)	3,377
Corporate and eliminations (b)	(360)	128,068	(12,940)	(3,208)
Income (loss) attributable to stockholders before interest and income taxes	(4,787)	113,197	(27,307)	169
Interest income	184	183	655	1,228
Interest expense	694	5,428	2,525	3,076
Income tax expense (benefits)	(1,000)	(1,166)	1,766	36,863
Net income (loss) attributable to stockholders	$ (4,297)	$ 109,118	$ (30,943)	$ (38,542)

(a) Interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our operating segments between Income (loss) attributable to stockholders before interest and taxes and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009 (Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 104,589	$ 57,474	$ 47,115	$ 148,979	$(44,390)	(29.8)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors have continued to affect global vehicle sales. The continuing tight credit markets, increasing unemployment rates and recessions in the U.S. and many international markets all contributed to significantly lower sales than those in the prior year. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings also negatively affected vehicle sales in several markets.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In response to these negative conditions, several countries took action to improve vehicle sales. Many countries in the Asia Pacific region have responded to the global recession by lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales. Certain countries including Germany, China, Brazil, India and South Korea benefited from effective government economic stimulus packages and began showing signs of recovery, and the CARS program initiated by the U.S. government temporarily stimulated vehicle sales in the U.S. We expect that the challenging sales environment resulting from the economic slowdown will continue in 2010, but we anticipate that China and other key emerging markets will continue showing strong sales and market growth.

In the year ended 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) a decrease of revenue of $36.7 billion in GMNA related to volume reductions; (2) a decrease in domestic wholesale volumes and lower exports of $11.0 billion in GMIO; (3) a decrease in domestic wholesale volumes of $4.8 billion in GME; (4) foreign currency translation and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) a decrease in sales revenue of $1.2 billion in GME related to Saab; (6) lower powertrain and parts and accessories revenue of $0.8 billion in GME; and (7) a decrease in other financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals, mostly related to daily rental car vehicles returned from lease and sold at auction, of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of $1.3 billion in GME; (4) gains on derivative instruments of $0.9 billion in GMIO; (5) favorable pricing of $0.5 billion in GMIO, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.4 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Cost of Sales

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
Cost of sales	$ 56,381	98.3%	$ 55,814	118.5%
Gross margin	$ 1,093	1.9%	$ (8,699)	(18.5)%

Cost of sales for the year ended December 2009, representing our cost of sales combined with Old GM's, is down from historical levels primarily due to reduced volume.

GM

In the period July 10, 2009 through December 31, 2009 Cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency translation losses of $1.3 billion; and (3) separation charges of $0.2 billion. These expenses were partially offset by foreign currency transaction gains of $0.5 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Cost of sales included: (1) incremental depreciation charges of $2.0 billion in GMNA that Old GM recorded prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained at July 10, 2009; (2) foreign currency translation losses of $0.7 billion, primarily in GMNA due to the strengthening of the Canadian Dollar versus the U.S. Dollar; and (3) foreign currency transaction losses of $0.3 billion.

In the period January 1, 2009 through July 9, 2009 Cost of sales included: (1) charges of $1.1 billion related to the SUB and TSP; (2) separation charges of $0.7 billion related to hourly employees who participated in the 2009 Special Attrition Program and Second 2009 Special Attrition Program; (3) expenses of $0.7 billion related to U.S. pension and other postemployment benefit (OPEB) plans

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

for hourly and salary employees; (4) separation charges of $0.3 billion for U.S. salaried workforce reduction programs to allow 6,000 terminated employees to receive ongoing wages and benefits for no longer than 12 months; and (5) expenses of $0.3 billion related to Canadian pension and OPEB plans for hourly and salary employees and restructuring activities. These costs were partially offset by favorable adjustments of $0.7 billion primarily related to the suspension of the JOBS Program.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected the under absorption of manufacturing overhead resulting from declining sales volumes and incremental depreciation of $2.0 billion and $0.7 billion in GMNA and GME.

Selling, General and Administrative Expense

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
Selling, general and administrative expense	$ 6,006	10.4%	$ 6,161	13.1%

Selling, general and administrative expense for the year ended December 2009, representing our selling, general and administrative expense combined with Old GM's is down from historical levels due to reduced advertising and other spending.

GM

In the period July 10, 2009 through December 31, 2009 Selling, general and administrative expense included charges of $0.3 billion in GMNA, primarily for dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealer network were terminated. These expenses were partially offset by reductions on overall spending for media and advertising fees related to our global cost saving initiatives and a decline in Saturn sales and marketing efforts in anticipation of the sale of Saturn, and ultimately, the wind-down of operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Selling, general and administrative expense included charges of $0.5 billion recorded for dealer wind-down costs in GMNA. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

Interest Expense

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$ (694)	$ (5,428)

GM

As a result of the 363 Sale, our debt balance is significantly lower than Old GM's. Accordingly, Interest expense is down from historical levels.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM recorded amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion. In addition, Old GM incurred interest expense of $1.7 billion primarily related to interest expense of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

$0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

Gain (Loss) on Extinguishment of Debt

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Gain (loss) on extinguishment of debt	$ (101)	$ (1,088)

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM recorded a loss related to the extinguishment of the UST GMAC Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts to shares of GMAC's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's $1.5 billion U.S. term loan in March 2009.

Income Tax Expense (Benefit)

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Income tax expense (benefit)	$ (1,000)	$ (1,166)

GM

In the period July 10, 2009 through December 31, 2009 Income tax expense (benefit) primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities. In the period July 10, 2009 through December 31, 2009 our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax expense (benefit) primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion between the U.S. and Canadian governments, offset by income tax provisions of profitable entities.

Equity Income, net of tax

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
SGM and SGMW	$ 466	0.8%	$ 298	0.6%
Other equity interests	31	0.1%	(237)	(0.5)%
Total equity income, net of tax	$ 497	0.9%	$ 61	0.1%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the period July 10, 2009 through December 31, 2009 equity income, net of tax reflected increased sales volume at SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax reflected: (1) increased sales volume at SGM; (2) charges of $0.2 billion related to Old GM's investment in New United Motor Manufacturing, Inc. (NUMMI); and (3) equity losses of $0.1 billion related to NUMMI and CAMI Automotive, Inc. (CAMI), primarily due to lower volumes.

2008 Compared to 2007
(Dollars in Millions)

Automotive Industry

Global industry vehicle sales decreased in the year ended 2008 by 3.8 million vehicles (or 5.3%) to 67.2 million vehicles. This decline started in North America and extended into the other regions, especially during the second half of 2008, reflecting the effect of slowing economies, tightening credit markets, volatile oil prices and declining consumer confidence around the world. Industry vehicle sales in North America decreased by 3.1 million vehicles (or 15.6%) to 16.6 million vehicles and Europe decreased by 1.2 million vehicles (or 5.0%) to 22.0 million vehicles. These decreases were offset by industry vehicle sales increases in the Asia Pacific and the Latin America, Africa and Middle East (LAAM) regions by 468,000 vehicles (or 1.7%) to 28.6 million vehicles.

Total Net Sales and Revenue

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 148,979	$ 179,984	$ (31,005)	(17.2)%

Total net sales and revenue decreased in the year ended 2008 by $31.0 billion (or 17.2%) primarily due to declining Sales of $29.9 billion. This decrease reflects the decline in the global automotive industry that resulted from tightening credit markets, a recession in the U.S. and Western Europe, volatile oil prices and declining consumer confidence around the world. These factors first affected the U.S. economy in late 2007 and continued to deteriorate and spread during 2008 to Western Europe and the emerging markets in Asia and South America. Sales decreased by $26.3 billion in GMNA primarily due to: (1) declining volumes and unfavorable vehicle mix of $23.1 billion; and (2) an increase in the accrual for residual support programs for leased vehicles of $1.8 billion related to the decline in residual values of fullsize pick-up trucks and sport utility vehicles in the middle of 2008. Sales also decreased in GME by $3.1 billion and in GMIO by $0.2 billion.

Cost of Sales

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of sales	$ 149,257	$ 165,573	$ (16,316)	(9.9)%
Gross margin	$ (278)	$ 14,411	$ (14,689)	(101.9)%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 Cost of sales decreased by $16.3 billion (or 9.9%) due to: (1) decreased costs related to lower production volumes of $14.0 billion in GMNA; (2) a net curtailment gain of $4.9 billion in GMNA related to the 2008 UAW Settlement Agreement; (3) a decrease in wholesale sales volumes of $3.5 billion in GME; (4) non-recurring pension prior service costs of $2.2 billion recorded in GMNA in the year ended 2007; (5) manufacturing savings of $1.4 billion in GMNA from lower manufacturing costs and hourly headcount levels resulting from attrition programs and productivity improvements; and (6) favorable foreign currency translation gains of $1.4 billion in GMNA, primarily due to the strengthening of the U.S. Dollar versus the Canadian Dollar.

These decreases were partially offset by: (1) charges of $5.8 billion in GMNA related to restructuring and other costs associated with Old GM's special attrition programs, certain Canadian facility idlings and finalization of Old GM's negotiations with the CAW; (2) foreign currency translation losses of $2.4 billion in GME, primarily driven by the strengthening of the Euro and Swedish Krona, offset partially by the weakening of the British Pound versus the U.S. Dollar; (3) expenses of $1.7 billion in GMNA related to the salaried post-65 healthcare settlement; (4) increased content cost of $0.7 billion in GMIO driven by an increase in imported material costs at Venezuela and high inflation across the region; (5) increased Delphi related charges of $0.6 billion in GMNA related to certain cost subsidies reimbursed during the year.

Selling, General and Administrative Expense

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Selling, general and administrative expense	$ 14,253	$ 14,412	$ (159)	(1.1)%

In the year ended 2008 Selling, general and administrative expense decreased by $0.2 billion (or 1.1%) primarily due to: (1) reductions in incentive and compensation and profit sharing costs of $0.4 billion in GMNA; and (2) a decrease in advertising, selling and sales promotion expenses of $0.3 billion in GMNA. These decreases were partially offset by: (1) a charge of $0.2 billion related to the 2008 Salaried Window Program in GMNA; (2) increased administrative, marketing and selling expenses of $0.2 billion in GMIO, primarily due to Old GM's expansion in Russia and other European markets; and (3) bad debt charges of $0.2 billion.

Other Expenses, net

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Other expenses, net	$ 6,699	$ 4,308	$ 2,391	55.5%

In the year ended 2008 Other expenses, net increased $2.4 billion (or 55.5%) primarily due to: (1) increased charges of $3.3 billion related to the Delphi Benefit Guarantee Agreements; (2) impairment charges related to goodwill of $0.5 billion and $0.2 billion in GME and GMNA; partially offset by (3) a non-recurring charge of $0.6 billion recorded in the year ended 2007 for pension benefits granted to future and current retirees of Delphi.

Equity in Income (Loss) of and Disposition of Interest in GMAC

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Equity in income (loss) of and disposition of interest in GMAC	$ 916	$ (1,245)	$ 2,161	173.6%
Impairment charges related to GMAC Common Membership Interests	(7,099)	—	(7,099)	n.m.
Total equity in income (loss) of and disposition of interest in GMAC	$ (6,183)	$ (1,245)	$ (4,938)	n.m.

n.m. = not meaningful

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 Equity in loss of and disposition of interest in GMAC increased $4.9 billion due to impairment charges of $7.1 billion related to Old GM's investment in GMAC Common Membership Interests, offset by an increase in Old GM's proportionate share of GMAC's income from operations of $2.2 billion.

Interest Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest expense	$ (2,525)	$ (3,076)	$ 551	17.9%

Interest expense decreased in the year ended 2008 by $0.6 billion (or 17.9%) due to the de-designation of certain derivatives as hedges of $0.3 billion and an adjustment to capitalized interest of $0.2 billion.

Interest Income and Other Non-Operating Income, net

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest income and other non-operating income, net	$ 424	$ 2,284	$ (1,860)	(81.4)%

In the year ended 2008 Interest income and other non-operating income, net decreased by $1.9 billion (or 81.4%) primarily due to impairment charges of $1.0 billion related to Old GM's GMAC Preferred Membership Interests in the year ended 2008 and a reduction in interest earned on cash balances of $0.3 billion due to lower market interest rates and lower cash balances on hand.

Income Tax Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Income tax expense	$ 1,766	$ 36,863	$ (35,097)	(95.2)%

Income tax expense decreased in the year ended 2008 by $35.1 billion (or 95.2%) due to the effect of recording valuation allowances of $39.0 billion against Old GM's net deferred tax assets in the United States, Canada and Germany in the year ended 2007, offset by the recording of additional valuation allowances in the year ended 2008 of $1.9 billion against Old GM's net deferred tax assets in South Korea, the United Kingdom, Spain, Australia, other jurisdictions.

Equity Income, net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
SGM and SGMW	$ 312	$ 430	$ (118)	(27.4)%
Other equity interests	(126)	94	(220)	n.m.
Total equity income, net of tax	$ 186	$ 524	$ (338)	n.m.

n.m. = not meaningful

In the year ended 2008 Equity income, net of tax decreased by $0.3 billion due to: (1) lower earnings at SGM driven by a volume decrease, mix deterioration and higher sales promotion expenses, partially offset by higher earnings at SGMW driven by a volume increase; (2) a decrease of $0.2 billion in GMNA due to impairment charges and lower income from Old GM's investments in NUMMI and CAMI.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in millions, except share amounts)

	Successor December 31, 2009	Predecessor December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
Total cash, cash equivalents and marketable securities	22,813	14,194
Restricted cash	13,917	672
Accounts and notes receivable (net of allowance of $250 and $422)	7,518	7,918
Inventories	10,107	13,195
Assets held for sale	388	—
Equipment on operating leases, net	2,727	5,142
Other current assets and deferred income taxes	1,777	3,146
Total current assets	59,247	44,267
Non-Current Assets		
Restricted cash	1,489	1,917
Equity in net assets of nonconsolidated affiliates	7,936	2,146
Assets held for sale	530	—
Equipment on operating leases, net	3	442
Property, net	18,687	39,665
Goodwill	30,672	—
Intangible assets, net	14,547	265
Deferred income taxes	564	98
Prepaid pension	98	109
Other assets	2,522	2,130
Total non-current assets	77,048	46,772
Total Assets	$ 136,295	$ 91,039
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable (principally trade)	$ 18,725	$ 22,259
Short-term debt and current portion of long-term debt	10,221	16,920
Liabilities held for sale	355	—
Postretirement benefits other than pensions	846	4,002
Accrued expenses	22,288	32,427
Total current liabilities	52,435	75,608
Non-Current Liabilities		
Long-term debt	5,562	29,018
Liabilities held for sale	270	—
Postretirement benefits other than pensions	8,708	28,919
Pensions	27,086	25,178
Other liabilities and deferred income taxes	13,279	17,392
Total non-current liabilities	54,905	100,507
Total liabilities	107,340	176,115
Commitments and contingencies		
Preferred stock, $0.01 par value (1,000,000,000 shares authorized and 360,000,000 shares issued and outstanding at December 31, 2009)	6,998	—
Equity (Deficit)		
Old GM		
Preferred stock, no par value (6,000,000 shares authorized, no shares issued and outstanding)	—	—
Preference stock, $0.10 par value (100,000,000 shares authorized, no shares issued and outstanding)	—	—
Common stock, $1 2/3 par value common stock (2,000,000,000 shares authorized, 800,937,541 shares issued and 610,483,231 shares outstanding at December 31, 2008)	—	1,017
General Motors Company		
Common stock, $0.01 par value (2,500,000,000 shares authorized and 500,000,000 shares issued and outstanding at December 31, 2009)	5	—
Capital surplus (principally additional paid-in capital)	24,050	16,489
Accumulated deficit	(4,394)	(70,727)
Accumulated other comprehensive income (loss)	1,588	(32,339)
Total stockholders' equity (deficit)	21,249	(85,560)
Noncontrolling interests	708	484
Total equity (deficit)	21,957	(85,076)
Total Liabilities and Equity (Deficit)	$ 136,295	$ 91,039

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Liquidity Measures

	Successor December 31, 2009	Predecessor December 31, 2008
Current ratio	1.13	0.59
Days sales outstanding (a)	17	25
Inventory turnover (a)	2.54	1.85
Days payable outstanding (a)	54	68

(a) These measurements show the relationship of the applicable sales or cost of sales activity and the related average balance carried during the quarter ended December 31, 2009 and 2008.

Current Assets

GM

At December 31, 2009 Restricted cash of $13.9 billion was primarily comprised of $13.4 billion in our UST Credit Agreement and Canadian Health Care Trust escrow accounts. The remainder was primarily comprised of amounts prefunded related to supplier payments and other third parties and other cash collateral requirements.

At December 31, 2009 Accounts and notes receivable, net of $7.5 billion was affected by lower volumes.

At December 31, 2009 Inventories were $10.1 billion. Inventories were recorded on a FIFO basis and were affected by efforts to reduce inventory levels globally.

At December 31, 2009 current Assets held for sale of $0.4 billion were related to Saab. Saab's Assets held for sale were primarily comprised of cash and cash equivalents, inventory and receivables.

At December 31, 2009 Equipment on operating leases, net of $2.7 billion was comprised of vehicle sales to daily rental car companies and to retail leasing customers. At December 31, 2009 there were 119,000 vehicles leased to U.S. daily rental car companies and 24,000 vehicles leased through the automotive retail portfolio. The numbers of vehicles on lease were at lower levels primarily due to the continued wind-down of our automotive retail portfolio.

Old GM

At December 31, 2008 Restricted cash of $0.7 billion was primarily comprised of amounts pre-funded related to supplier payments and other third parties and other cash collateral requirements.

At December 31, 2008 Inventories were $13.2 billion. Inventories for certain business units were recorded on a LIFO basis.

At December 31, 2008 Equipment on operating leases, net of $5.1 billion was comprised of vehicle sales to daily rental car companies and to retail leasing customers. At December 31, 2008 there were 137,000 vehicles leased to U.S. daily rental car companies and 133,000 vehicles leased through the automotive retail portfolio.

Non-Current Assets

GM

At December 31, 2009 Restricted cash of $1.5 billion was primarily comprised of collateral for insurance related activities and other cash collateral requirements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2009 Equity in net assets of nonconsolidated affiliates of $7.9 billion was primarily comprised of our investment in SGM and SGMW. In connection with our application of fresh-start reporting, we recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. In the three months ended December 31, 2009 we also recorded an investment of $1.9 billion in New Delphi.

At December 31, 2009 non-current Assets held for sale of $0.5 billion were related to certain of our operations in India (India Operations). The India Operations Assets held for sale were primarily comprised of cash and cash equivalents, inventory, receivables and property, plant and equipment. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for the India Operations that will not convert to cash within one year.

At December 31, 2009 Property, net was $18.7 billion. In connection with our application of fresh-start reporting, we recorded Property at its fair value of $18.5 billion at July 10, 2009.

At December 31, 2009 Goodwill was $30.7 billion. In connection with our application of fresh-start reporting, we recorded Goodwill of $30.5 billion at July 10, 2009. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets.

At December 31, 2009 Intangible assets, net were $14.5 billion. In connection with our application of fresh-start reporting, we recorded Intangible assets at their fair value of $16.1 billion at July 10, 2009. Newly recorded identifiable intangible assets include brand names, our dealer network, customer relationships, developed technologies, favorable contracts and other intangible assets.

At December 31, 2009 Other assets of $2.5 billion was primarily comprised of our cost method investments in GMAC common and preferred stock. In connection with our application of fresh-start reporting, we recorded our investments in GMAC common and preferred stock at their fair values of $1.3 billion and $0.7 billion at July 10, 2009. In the three months ended December 31, 2009 we recorded an impairment charge of $0.3 billion related to our investment in GMAC common stock.

Old GM

At December 31, 2008 Restricted cash of $1.9 billion was primarily comprised of collateral for insurance related activities and other cash collateral requirements.

At December 31, 2008 Equity in net assets of nonconsolidated affiliates of $2.1 billion was primarily comprised of Old GM's investments in SGM, SGMW and GMAC. In May 2009 Old GM's ownership interest in GMAC's Common Membership Interests was reduced to 24.5% and at June 30, 2009 GMAC converted its status to a C corporation. At that date Old GM began to account for its investment in GMAC using the cost method rather than equity method as Old GM no longer exercised significant influence over GMAC.

At December 31, 2008 Other assets of $2.1 billion was primarily comprised of taxes other than income, derivative assets and debt issuance expense.

Current Liabilities

At December 31, 2009 Accounts payable was $18.7 billion. Accounts payable amounts were correlated, in part, with vehicle production and sales volume, which drive purchases of materials, freight costs and advertising expenditures.

At December 31, 2009 Short-term debt and current portion of long-term debt of $10.2 billion was primarily comprised of amounts we entered into or assumed under various agreements with the U.S. and Canadian governments. In addition, we assumed secured and unsecured debt obligations (including capital leases) owed by our subsidiaries.

Table of Contents

At December 31, 2009 current Liabilities held for sale of $0.4 billion were related to Saab. Saab's Liabilities held for sale were primarily comprised of accounts payable, warranty and pension obligations and other liabilities.

At December 31, 2009 our current OPEB obligation of $0.8 billion included the effect of the 2009 Revised UAW Settlement Agreement and other OPEB plan changes.

At December 31, 2009 Accrued expenses were $22.3 billion. Major components of accrued expenses were dealer and customer allowances, claims and discounts, deposits from rental car companies, policy, product warranty and recall campaigns, accrued payrolls and employee benefits, current pension obligation, taxes other than income taxes and liabilities related to plant closures. Accrued expenses were affected by sales volumes which affect customer deposits, dealer incentives and policy and warranty costs as well as certain liabilities MLC retained as a result of the 363 transaction.

Old GM

At December 31, 2008 Accounts payable was $22.3 billion. Accounts payable amounts were correlated, in part, with vehicle production and sales volume, which drive purchases of materials, freight costs and advertising expenditures.

At December 31, 2008 Short-term debt and current portion of long-term debt of $16.9 billion was primarily comprised of UST Loans, a secured revolving credit facility and secured and unsecured debt obligations (including capital leases) owed by Old GM's subsidiaries.

In connection with the 363 Sale, MLC retained Old GM's unsecured U.S. dollar denominated bonds, foreign currency denominated bonds, contingent convertible debt and certain other debt obligations of $2.4 billion.

At December 31, 2008 the current OPEB obligation of $4.0 billion represents the liability to provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents.

At December 31, 2008 Accrued expenses were $32.4 billion. Major components of accrued expenses were dealer and customer allowances, claims and discounts, deposits from rental car companies, policy, product warranty and recall campaigns, accrued payrolls and employee benefits, current pension obligation, taxes other than income taxes and liabilities related to plant closures. Other accrued expenses included accruals for advertising and promotion, legal, insurance, and various other items.

Non-Current Liabilities

GM

At December 31, 2009 Long-term debt of $5.6 billion was primarily comprised of VEBA Notes and secured and unsecured debt obligations (including capital leases) owed by our subsidiaries. In connection with our application of fresh-start reporting, we recorded a decrease of $1.5 billion to record Long-term debt at its fair value of $2.5 billion at July 10, 2009.

At December 31, 2009 non-current Liabilities held for sale of $0.3 billion were related to certain of our operations in India (India Operations). The India Operations Liabilities held for sale were primarily comprised of accounts payable, warranty and pension obligations and other liabilities. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for the India Operations that will not convert to cash within one year.

At December 31, 2009 our non-current OPEB obligation of $8.7 billion included the effect of the 2009 Revised UAW Settlement Agreement and other OPEB plan changes. In May 2009 the UAW, the UST and Old GM agreed to the 2009 Revised UAW Settlement Agreement, subject to the successful completion of the 363 Sale, which related to the 2008 UAW Settlement Agreement that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. We and the UAW executed the 2009 Revised Settlement Agreement on July 10, 2009 in connection with the 363 Sale closing. The 2009

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Revised UAW Settlement Agreement significantly reduced our OPEB obligations as a result of changing the amount, form and timing of the consideration to be paid to the New VEBA, eliminating certain coverages and increasing certain cost sharing provisions.

At December 31, 2009 our non-current Pensions obligation of $27.1 billion included the effects of the 2009 Salaried Window Program, 2009 Special Attrition Program, Second 2009 Special Attrition Program, Delphi Benefit Guarantee Agreements, the 2009 Revised UAW Settlement Agreement and other employee related actions.

At December 31, 2009 Other liabilities and deferred income taxes were $13.3 billion. Major components of Other liabilities included policy and product warranty, accrued payrolls and employee benefits, postemployment benefits including facility idling reserves, and dealer and customer allowances, claims and discounts.

Old GM

At December 31, 2008 Long-term debt of $29.0 billion was primarily comprised of: (1) unsecured U.S. Dollar denominated bonds of $14.9 billion; (2) foreign currency denominated bonds of $4.4 billion; and (3) contingent convertible debt of $6.4 billion. The remaining balance consisted mainly of secured and unsecured debt obligations (including capital leases) owed by Old GM's subsidiaries.

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009.

In connection with the 363 Sale, MLC retained Old GM's unsecured U.S. dollar denominated bonds, foreign currency denominated bonds, contingent convertible debt and certain other debt obligations of $25.5 billion.

At December 31, 2008 the non-current OPEB obligation of $28.9 billion represented the liability to provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents.

At December 31, 2008 the total non-current Pensions obligation of $25.2 billion included the effect of actual losses on plan assets, the transfer of the Delphi pension liability and other curtailments and amendments.

At December 31, 2008 Other liabilities and deferred income taxes were $17.4 billion. Major components of Other liabilities included product warranty and recall campaigns, accrued payrolls and employee benefits, insurance reserves, Delphi contingent liabilities, postemployment benefits including facility idling reserves, and dealer and customer allowances, claims and discounts.

Further information on each of our businesses and geographic segments is subsequently discussed.

GM North America
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 32,426	$ 24,191	$ 86,187	$ 112,448
Income (loss) attributable to stockholders before interest and income taxes	$ (4,820)	$ (11,092)	$ (12,203)	$ 1,876

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)			
Cars	727	1,543	1,526
Trucks	1,186	1,906	2,741
Total	1,913	3,449	4,267

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)									
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
Total U.S.	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
U.S. – Cars	5,370	874	16.3%	6,756	1,257	18.6%	7,571	1,489	19.7%
U.S. – Trucks	5,238	1,210	23.1%	6,746	1,723	25.5%	8,902	2,377	26.7%
Canada	1,482	254	17.2%	1,674	359	21.4%	1,691	404	23.9%
Mexico	774	138	17.9%	1,071	212	19.8%	1,146	230	20.1%

(a) Vehicle sales represent sales to the ultimate customer.

(b) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(c) Vehicle sales data may include rounding differences.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009 (Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 56,617	$ 32,426	$ 24,191	$ 86,187	$ 29,570	(34.3)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors affected vehicle sales. The continuing tight credit markets, increasing unemployment rates and a recession in North America and GMNA's largest market, the United States, negatively affected vehicle sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in North America. These

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

negative factors were partially offset in the period July 10, 2009 through December 31, 2009 by: (1) improved vehicle sales related to the CARS program; and (2) an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program, which began in early September 2009 and ended January 4, 2010.

In the year ended December 31, 2009 vehicle sales in the United States decreased by 896,000 vehicles (or 30.1%), U.S. market share decreased from 22.1% to 19.6%, vehicles sales in Canada decreased by 105,000 vehicles (or 29.2%) and vehicle sales in Mexico decreased by 74,000 (or 34.8%). In the year ended 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to a decrease in revenue of $36.7 billion related to volume reductions. The decline in revenue was partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (2) favorable vehicle mix of $2.8 billion.

Income (Loss) Attributable to Stockholders Before Interest and Income Taxes

Loss attributable to stockholders before interest and income taxes was $4.8 billion and $11.1 billion in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Cost and expenses includes both fixed costs and costs which generally vary with production levels. Certain fixed costs, primarily labor related, have continued to decrease in relation to historical levels primarily due to various separation and other programs. However, the implementation of various separation programs, as well as reducing the estimated useful lives of Property, net resulted in significant charges in various periods.

In the period July 10, 2009 through December 31, 2009 results included the following:

- A settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan;
- Foreign currency translation losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar;
- Charges of $0.3 billion primarily related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealership network were terminated; and
- Effects of fresh-start reporting, which included amortization of intangible assets which were established in connection with our application of fresh-start reporting, which was offset by decreased depreciation of fixed assets resulting from lower balances, and the elimination of historical deferred losses related to pension and postretirement obligations.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Incremental depreciation charges of $2.0 billion recorded by Old GM prior to the 363 sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained;
- Charges of $1.1 billion related to the SUB and TSP, which replaced the JOBS Program;
- Separation charges of $1.0 billion related to hourly and salaried employees who participated in various separation programs; which were partially offset by favorable adjustments of $0.7 billion primarily related to the suspension of the JOBS Program;
- Foreign currency translation losses of $0.7 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar;
- Charges of $0.5 billion related to dealer wind-down costs; and
- Impairment charges of $0.2 billion related to Old GM's investment in NUMMI and equity losses of $0.1 billion related to NUMMI and CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Total net sales and revenue	$ 86,187	$ 112,448	$ (26,261)	(23.4)%

In the year ended 2008 industry vehicle sales in North America decreased by 3.1 million vehicles (or 15.6%). Industry vehicle sales decreased progressively in the first three quarters of 2008 with a sharp decline in the fourth quarter. Industry vehicle sales decreased by 331,000 vehicles (or 7.0%), decreased by 520,000 vehicles (or 9.8%) and decreased by 772,000 vehicles (or 15.6%) in the first, second and third quarters of 2008. The sharp fourth quarter decline resulted in decreased vehicle sales of 1.4 million vehicles (or 31.0%). The decrease in industry vehicle sales is directly attributable to the recession in the United States brought about by the tightening of the credit markets, turmoil in the mortgage markets, reductions in housing values and volatile oil prices, all of which contributed to declining consumer confidence.

The economic factors, as previously discussed, and the resulting recession in the United States, caused a similar effect on GMNA's vehicle sales in the year ended 2008. GMNA's vehicle sales decreased by 951,000 vehicles (or 21.1%) to 3.6 million vehicles in 2008, with 379,000 (or 39.9%) of the decrease occurring in the fourth quarter. GMNA's vehicle sales were 948,000 vehicles, 964,000 vehicles, 978,000 vehicles and 675,000 vehicles in the first, second, third and fourth quarters of 2008.

GMNA's U.S. vehicle sales in the year ended 2008 followed the industry trend with steady decreases in the first three quarters with a sharp decline in the fourth quarter. GMNA's U.S. vehicle sales decreased by 103,000 vehicles (or 11.4%), decreased by 214,000 vehicles (or 21.2%) and decreased by 218,000 vehicles (or 20.9%) in the first, second, and third quarters of 2008. The sharp fourth quarter decline resulted in decreased vehicle sales of 350,000 vehicles (or 39.0%). In the year ended 2008 GMNA's vehicle sales also decreased in Canada by 45,000 vehicles (or 11.1%) and decreased in Mexico by 18,000 vehicles (or 7.8%).

In the year ended 2008 Total net sales and revenue decreased by $26.3 billion (or 23.4%) due primarily to: (1) a decline in volumes and unfavorable vehicle mix of $23.1 billion resulting from continued market challenges; (2) an increase of $1.8 billion in the accrual for residual support programs for leased vehicles, primarily due to the decline in residual values of fullsize pick-up trucks and sport utility vehicles in the middle of 2008; (3) unfavorable pricing of $0.7 billion; (4) a decrease in sales of components, parts and accessories of $0.6 billion; partially offset by (5) foreign currency translation of $0.3 billion due to a strengthening of the U.S. Dollar versus the Canadian Dollar. Contributing to the volume decline was revenue of $0.8 billion that was deferred in the fourth quarter of 2008 related to deliveries to dealers that did not meet the criteria for revenue recognition, either because collectability was not reasonably assured or the risks and rewards of ownership were not transferred at the time of delivery.

Cost of Sales

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Cost of sales	$ 90,806	$ 106,619	$ (15,813)	(14.8)%
Gross margin	$ (4,619)	$ 5,829	$ (10,448)	(179.2)%

In the year ended 2008 Cost of sales decreased $15.8 billion (or 14.8%) primarily due to: (1) decreased costs related to lower production volumes of $14.0 billion; (2) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; (3) manufacturing savings of $1.4 billion from lower manufacturing costs and hourly headcount levels resulting from attrition

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

programs and productivity improvements; (4) favorable foreign currency translation gains of $1.4 billion due primarily to the appreciation of the U.S. Dollar versus the Canadian Dollar; (5) pension prior service costs of $2.2 billion recorded in the year ended 2007; and (6) gains of $0.9 billion related to the fair value of commodity and foreign currency exchange derivatives. These decreases were partially offset by: (1) charges related to restructuring and other costs associated with Old GM's special attrition programs, certain Canadian facility idlings and finalization of Old GM's negotiations with the CAW of $5.8 billion; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (3) commodity derivative losses of $0.8 billion; (4) increased Delphi related charges of $0.6 billion related to certain cost subsidies reimbursed during the year; and (5) increased warranty expenses of $0.5 billion.

Selling, General and Administrative Expense

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 7,744	$ 8,368	$ (624)	(7.5)%

In the year ended 2008 Selling, general and administrative expense decreased by $0.6 billion (or 7.5%) primarily due to: (1) reductions in incentive compensation and profit sharing costs of $0.4 billion; and (2) decreased advertising, selling and sales promotion expenses of $0.3 billion. These decreases were partially offset by $0.2 billion related to the 2008 Salaried Window Program.

Other Expenses, net

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other expenses, net	$ 154	$ 552	$ (398)	(72.1)

In the year ended 2008 Other expenses, net was comprised of an impairment charge related to goodwill of $154 million.

In the year ended 2007 Other expenses, net of $0.6 billion was primarily related to a nonrecurring charge for pension benefits granted to future and current retirees of Delphi.

Other Non-Operating Income, net

	Predecessor			
			Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other non-operating income, net	$ 487	$ 442	$ 45	10.2%

In the year ended 2008 Other non-operating income, net increased by $45 million (or 10.2%) primarily due to: (1) exclusivity fee income of $105 million; (2) a gain on sale of affiliates of $49 million; (3) miscellaneous income of $22 million; partially offset by: (4) a decrease in royalty income of $133 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Income (Loss), net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
NUMMI	$ (118)	$ (5)	$ (113)	n.m.
CAMI	(72)	32	(104)	n.m.
Other	(11)	(5)	(6)	120.0%
Total equity income (loss), net of tax	$ (201)	$ 22	$ (223)	n.m.

In the year ended 2008 Equity income (loss), net of tax decreased by $0.2 billion due to impairment charges and lower income from Old GM's investments in NUMMI and CAMI.

GM International Operations
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 15,507	$ 11,678	$ 36,850	$ 37,059
Income (loss) attributable to stockholders before interest and income taxes	$ 1,198	$ (956)	$ 473	$ 1,911

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)(b)	3,456	3,145	3,191

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

(b) Includes SGM, SGMW and FAW-GM joint venture production. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM production volume in China.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)									
Total GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
China	13,671	1,826	13.4%	9,074	1,095	12.1%	8,457	1,032	12.2%
Brazil	3,141	596	19.0%	2,820	549	19.5%	2,463	499	20.3%
Australia	937	121	12.9%	1,012	133	13.1%	1,050	149	14.2%
Middle East Operations	1,053	117	11.1%	1,118	144	12.9%	1,276	136	10.7%
South Korea	1,455	115	7.9%	1,215	117	9.7%	1,271	131	10.3%
Argentina	517	79	15.2%	616	95	15.5%	573	92	16.1%
India	2,240	69	3.1%	1,971	66	3.3%	1,989	60	3.0%
Colombia	185	67	36.1%	219	80	36.3%	252	93	36.8%
Egypt	204	52	25.6%	262	60	23.1%	227	40	17.5%
Venezuela	137	49	36.1%	272	90	33.2%	492	151	30.7%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer.

(b) Includes SGM, SGMW and FAW-GM joint venture vehicle sales. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of global market share. Combined GM and Old GM joint venture sales in China included in vehicle sales and market share data was 1.0 million vehicles in the year ended 2009. Old GM's joint venture vehicle sales in China included in vehicle sales and market share data was 606,000 vehicles and 516,000 vehicles in the years ended 2008 and 2007.

(c) Vehicle sales and market share data from sales of GM Daewoo produced Chevrolet brand products in Europe are reported as part of GME. Combined GM and Old GM sales of GM Daewoo produced Chevrolet brand products in Europe was 356,000 vehicles in the year ended 2009. Old GM's sales of GM Daewoo produced Chevrolet brand products in Europe was 434,000 vehicles and 400,000 vehicles in the years ended 2008 and 2007.

(d) Vehicle sales data may include rounding differences.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 27,185	$ 15,507	$ 11,678	$ 36,850	$ (9,665)	(26.2)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, several factors have continued to affect vehicle sales. The continuing tight credit markets, increasing unemployment rates and recessionary trends in many international markets, resulted in depressed sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in several markets. Many countries in GMIO have responded to the global recession by lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales. Certain countries including China, Brazil, India and South Korea have benefited from effective

Table of Contents

government economic stimulus packages and are showing signs of a recovery. In 2010 we anticipate a challenging sales environment resulting from the global economic slowdown with a partial offset from strong sales in China and Brazil.

In the year ended 2009 Total net sales and revenue decreased by $9.7 billion (or 26.2%) due to: (1) decreased domestic wholesale sales volume and lower exports from GM Daewoo of $4.2 billion, Middle East of $2.4 billion, Australia of $1.5 billion, Venezuela of $0.9 billion, Thailand of $0.6 billion, Argentina of $0.6 billion, South Africa of $0.5 billion, and Colombia of $0.3 billion; partially offset by (2) gains on derivative instruments of $0.9 billion at GM Daewoo; (3) favorable pricing of $0.5 billion primarily due to a 60% price increase in Venezuela due to high inflation; and (4) favorable vehicle mix of $0.4 billion driven by launches of new vehicle models at GM Daewoo.

The increase in vehicle sales related to China joint ventures is not reflected in Total net sales and revenue. The results of our China joint ventures are recorded in Equity income, net of tax.

Income (Loss) Attributable to Stockholders Before Interest and Income Taxes

Income (loss) attributable to stockholders before interest and income taxes was income of $1.2 billion and a loss of $1.0 billion in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Costs and expenses include both fixed costs as well as costs which generally vary with production levels. Periodically, we have undertaken various separation programs, which have increased costs in the applicable periods with the goal of reducing labor costs in the long term.

Our results are affected by the earnings of our nonconsolidated equity affiliates, primarily our China joint ventures and noncontrolling interests share of earnings primarily in GM Daewoo.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Separation costs of $0.1 billion related to voluntary and involuntary separation and early retirement programs;
- Foreign currency transaction gains of $0.1 billion primarily due to the Australian Dollar and Venezuelan Bolivar versus the U.S. Dollar; and
- Effects of fresh-start reporting, which included amortization of intangible assets, which were partially offset by the reduced value of inventory recorded through Cost of sales which were established in connection with our application of fresh-start reporting and decreased depreciation of fixed assets resulting from lower balances.

In the period January 1, 2009 through July 9, 2009 results included a foreign currency transaction loss of $0.4 billion related to foreign currency transactions outside of the official exchange market in Venezuela.

In the period ended January 1, 2009 through July 9, 2009 negative gross margin was driven by significant sales volume declines, which was not offset totally by declines in cost of sales due to high fixed manufacturing overhead and foreign currency transaction loss of $0.4 billion related to foreign currency transactions outside of the official exchange market in Venezuela.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 36,850	$ 37,059	$ (209)	(0.6)%

Industry vehicle sales increased in the GMIO region in the first half of 2008 by 1.4 million vehicles (or 9.8%). As the global financial crisis, brought about by the tightening of the credit markets, volatile oil prices, slowdown of economic growth and declining consumer confidence, spread to the region, industry vehicle sales decreased 908,000 vehicles (or 6.4%) in the second half of 2008.

In the year ended 2008 industry vehicle sales in the GMIO region increased by 468,000 vehicles (or 1.7%) primarily due to increases in China of 616,000 vehicles (or 7.3%), in Brazil of 358,000 vehicles (or 14.5%) and Indonesia of 173,000 vehicles (or 39.9%). The growth from these markets more than offset the decline of 271,000 vehicles (or 5.1%) in Japan, 220,000 vehicles (or 44.8%) in Venezuela 158,000 vehicles (or 12.4%) in the Middle East and 124,000 vehicles (or 20.2%) in South Africa.

In the year ended 2008, Total net sales and revenue decreased by $0.2 billion (or 0.6%) due to: (1) our determination that certain of our derivative cash flow hedge instruments were no longer effective resulting in the termination of hedge accounting treatment of $2.1 billion; (2) decrease in sales volume driven by decreased wholesale volumes of $0.3 billion mainly in Venezuela, GM Daewoo, Colombia and South Africa; offset by (3) favorable foreign currency translation effect of $1.2 billion, related to the Brazilian Real, Euro and Australian Dollar versus the U.S. Dollar; (4) favorable net vehicle pricing of $0.6 primarily in Venezuela due to high inflation and Brazil as a result of industry growth and high demand in the first half of 2008; and (5) favorable product mix of $0.4 billion.

The decrease in vehicle sales related to China joint ventures is not reflected in Total net sales and revenue as China joint venture revenue is not consolidated in the financial results.

GMIO's vehicle sales were similar to the industry vehicle sales as their vehicle sales began to moderate in the third quarter and fell sharply during the fourth quarter of 2008. GMIO's vehicle sales increased by 76,000 vehicles (or 11.5%), increased by 102,000 vehicles (or 16.2%) and increased by 19,000 vehicles (or 2.8%) in the first, second and third quarters of 2008. GMIO's vehicle sales decreased by 115,000 vehicles (or 15.9%) in the fourth quarter of 2008. GMIO's China vehicle sales increased by 22,000 vehicles (or 7.4%), increased by 45,000 vehicles (or 19.3%) and increased by 10,000 vehicles (or 4.4%) in the first, second and third quarters of 2008. GMIO's vehicle sales in China decreased by 14,000 vehicles (or 5.1%) in the fourth quarter of 2008. The decline in GMIO's vehicle sales and vehicle sales in China, in the second half of 2008, was attributable to the same global economic factors affecting the GMIO region mentioned above. Despite the downturn in GMIO's vehicle sales in the second half of 2008, GMIO capitalized on the demand in the China passenger and light commercial vehicle markets. GMIO increased its vehicle sales throughout the region in 2008, in part due to strong sales in China where volumes exceeded 1.0 million vehicles for the second consecutive year.

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of sales	$ 34,178	$ 32,963	$ 1,215	3.7%
Gross margin	$ 2,672	$ 4,096	$ (1,424)	(34.8)%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 cost of sales increased by $1.2 billion (or 3.7%) primarily due to: (1) increased content cost of $0.7 billion driven by an increase in imported material costs at Venezuela and high inflation across the region primarily in Venezuela, Argentina and South Africa; (2) unfavorable product mix of $0.4 billion; and (3) foreign currency exchange transaction losses on purchases of treasury bills in the region of $0.2 billion.

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 2,682	$ 2,482	$ 200	8.1%

In the year ended 2008 Selling, general and administrative expense increased by $200 million (or 8.1%) primarily due to Old GM's expansion in Russia and other European markets.

Other Non-Operating Income, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other non-operating income, net	$ 101	$ 175	$ (74)	(42.3)%

In the year ended 2008 Other non-operating income, net decreased by $74 million (or 42.3%) primarily due to insurance premiums received of $89 million, in 2007.

Equity Income, net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
SGM and SGMW	$ 312	$ 430	$ (118)	(27.4)%
Other equity interests	17	26	(9)	(34.6)%
Total equity income, net of tax	$ 329	$ 456	$ (127)	(27.9)%

In the year ended 2008 Equity income, net of tax decreased by $0.1 billion (or 27.9%) due to lower earnings at SGM.

Net (income) Loss Attributable to Noncontrolling Interests Before Interest and Income Taxes

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Net (income) loss attributable to noncontrolling interests before interest and income taxes	$ 53	$ (334)	$ 387	115.9%

In the year ended 2008 Net (income) loss attributable to noncontrolling interest before interest and income taxes decreased by $0.4 billion (or 115.7%) due to lower income at GM Daewoo.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Europe
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 11,520	$ 12,590	$ 34,388	$ 37,478
Loss attributable to stockholders before interest and income taxes	$ (805)	$ (2,823)	$ (2,637)	$ (410)

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)	1,134	1,550	1,828

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)									
Total GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Germany	4,049	382	9.4%	3,425	300	8.8%	3,482	331	9.5%
United Kingdom	2,223	287	12.9%	2,485	384	15.4%	2,800	427	15.2%
Italy	2,349	189	8.0%	2,423	202	8.3%	2,778	237	8.5%
Russia	1,494	142	9.5%	3,024	338	11.2%	2,707	260	9.6%
France	2,686	119	4.4%	2,574	114	4.4%	2,584	125	4.8%
Spain	1,075	94	8.7%	1,363	107	7.8%	1,939	171	8.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer including sales of Chevrolet brand products in the region. The financial results from sales of GM Daewoo produced Chevrolet brand products are reported as part of GMIO. Combined GM and Old GM sales of GM Daewoo produced Chevrolet brand products included in vehicle sales and market share data was 356,000 vehicles in the year ended 2009. Old GM's sales of GM Daewoo produced Chevrolet brand products included in vehicle sales and market share data was 434,000 and 400,000 vehicles in the years ended 2008 and 2007.

(b) Includes Saab vehicle sales data.

(c) Vehicle sales data may include rounding differences.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 24,110	$ 11,520	$ 12,590	$ 34,388	$ (10,278)	(29.9)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors have continued to affect vehicle sales. The continuing tight credit markets, increasing unemployment rates and a recession in many international markets, resulted in depressed sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in several markets as well as the announcement that Old GM was seeking a majority investor in Adam Opel, which was a condition to receiving financing from the German government. Certain countries including Germany benefited from effective government economic stimulus packages and are showing signs of a recovery. For the remainder of 2010, we anticipate a challenging sales environment resulting from the continuation of the global economic slowdown.

In the year ended 2009 Total net sales and revenue decreased by $10.3 billion (or 29.9%) due to: (1) decreased domestic wholesale sales volume of $4.8 billion; (2) net unfavorable effect of $3.7 billion in foreign currency translation and transaction losses, driven primarily by the strengthening of the U.S. Dollar versus the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) lower powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing of $1.3 billion.

In line with the industry trends previously noted, revenue decreased due to wholesale volume decreases of 405,000 vehicles (or 24.8%).

Loss Attributable to Stockholders Before Interest and Income Taxes

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 Loss attributable to stockholders before interest and income taxes was $0.8 billion and $2.8 billion.

Cost and expenses includes both fixed costs as well as costs which generally vary with production levels. Certain fixed costs, primarily labor related, have continued to decrease in relation to historical levels primarily due to various separation and other programs implemented in order to reduce labor costs. However, in the period January 1, 2009 through July 9, 2009 the implementation of various separation programs and incremental depreciation contributed to decreased margins. In the period July 10, 2009 through December 31, 2009 the effect of fresh-start reporting, especially the reduced value for inventory favorably affected results.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Effects of fresh-start reporting primarily consisted of the fair value of inventory which was a decrease from the historical book value and was recorded in cost of sales and depreciation and amortization related to the fair value of fixed assets and special tools, partially offset by increased amortization of intangible assets which were established in connection with our application of fresh-start reporting.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Other expenses of $0.8 billion primarily represented charges related to the deconsolidation of Saab. Saab filed for reorganization protection under the laws of Sweden in February 2009

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 34,388	$ 37,478	$ (3,090)	(8.2)%

In the year ended 2008 industry vehicle sales began to decline in the second quarter followed by a sharp decline in the third and fourth quarters. Industry vehicle sales increased by 236,000 vehicles (or 4.1%) and by 134,000 vehicles (or 2.2%) in the first and second quarters of 2008. Industry vehicle sales decreased by 340,000 vehicles (or 6.1%) and by 1.2 million vehicles (or 20.6%) in the third and fourth quarters of 2008. The decline of industry vehicle sales reflected the recession in Western Europe and the indirect effect of the tightening of credit markets, volatile oil prices, slowdown of economic growth and declining consumer confidence around the world.

In the year ended 2008, industry vehicle sales decreased by 1.2 million vehicles (or 5.0%). The decline in industry vehicle sales primarily resulted from a decrease of 577,000 vehicles (or 29.7%) in Spain; a decrease of 354,000 vehicles (or 12.8%) in Italy; a decrease in the United Kingdom of 314,000 vehicles (or 11.2%), a net decrease in various other markets in Western Europe of 225,000 vehicles (or 2.3%); and a decrease in Turkey of 109,000 vehicles (or 17.2%). These decreases were partially offset by an increase of 317,000 vehicles (or 11.7%) in Russia and an increase of 92,000 vehicles (or 15.4%) in Ukraine.

The trend in GME's vehicle sales mirrored that of the industry trend mentioned above. GME's vehicle sales increased by 19,000 vehicles (or 3.4%) and by 16,000 vehicles (or 2.8%) in the first and second quarters of 2008. GME's vehicle sales decreased by 64,000 vehicles (or 12.3%) and by 110,000 vehicles (or 20.7%) in the third and fourth quarters of 2008. The decline with each quarter in GME's vehicle sales was attributable to the same economic factors affecting the industry mentioned above.

In the year ended 2008 Total net sales and revenue decreased by $3.1 billion (or 8.2%) due to: (1) lower wholesale sales volume outside of Russia of $4.4 billion; (2) unfavorable vehicle mix of $0.6 billion; offset by (3) a net favorable effect in foreign currency translation of $2.0 billion, driven mainly by the strengthening of the Euro and Swedish Krona, offset partially by the weakening of the British Pound versus the U.S. Dollar.

In line with the industry trends noted above, GME's revenue, which excludes sales of Chevrolet brand products, decreased most significantly in Spain, where wholesale volumes decreased by 67,000 vehicles (or 46.9%), followed by the United Kingdom, where wholesale volumes decreased by 43,000 vehicles (or 10.5%), and Italy, where wholesale volumes decreased by 41,000 vehicles (or 21.3%). These decreases were partially offset as wholesale volumes in Russia increased by 22,000 vehicles (or 29.6%).

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of sales	$ 33,838	$ 35,254	$ (1,416)	(4.0)%
Gross margin	$ 550	$ 2,224	$ (1,674)	(75.3)%

In the year ended 2008 Cost of sales decreased by $1.4 billion (or 4.0%) due to decreased wholesale sales volumes of $3.5 billion offset by an unfavorable effect in foreign currency translation of $2.4 billion, driven mainly by the strengthening of the Euro and Swedish Krona.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 2,816	$ 2,781	$ 35	1.3%

In the year ended 2008 Selling, general and administrative expense increased by $35 million (or 1.3%) primarily due to an unfavorable effect in foreign currency translation of $87 million related to the Euro versus the U.S. Dollar offset by a decrease in administrative and other expenses of $35 million.

Other Expenses, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other expenses, net	$ 456	$ —	$ 456	n.m.

n.m. = not meaningful

In the year ended 2008 Other expenses, net increased by $0.5 billion due to an impairment charge related to goodwill.

Other Non-Operating Income, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other non-operating income, net	$ 7	$ 130	$ (123)	(94.6)%

In the year ended 2008 Other non-operating income, net decreased by $123 million primarily as a result of a favorable settlement of value added tax claims with the United Kingdom tax authorities of $115 million in the year ended 2007.

Net (Income) Loss Attributable to Noncontrolling Interests Before Interest and Income Taxes

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Net (income) loss attributable to noncontrolling interests before interest and income taxes	$ 22	$ (27)	$ 49	181.5%

In the year ended 2008 Net (income) loss attributable to noncontrolling interests before interest and income taxes increased by $49 million (or 181.5%) due to declines in profits at Isuzu Motors Polska.

Corporate
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 145	$ 328	$ 1,247	$ 2,390
Net income (loss) attributable to stockholders	$ 167	$ 123,887	$ (16,627)	$ (41,884)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Years Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 473	$ 145	$ 328	$ 1,247	$ (774)	(62.1)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases. We anticipate this portfolio of automotive retail leases to be substantially liquidated by December 2010.

In the year ended 2009 Total net sales and revenue decreased by $0.8 billion (or 62.1%) due to a decrease in other financing revenue of $0.7 billion (or 68.4%) related to the liquidation of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the year ended 2009 and 2008.

Net income Attributable to Stockholders

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 Net income attributable to stockholders was $0.2 billion and $123.9 billion.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Foreign currency transaction and translation gains, net of $0.3 billion; and
- Interest expense of $0.7 billion primarily related to interest expense of $0.3 billion on UST Loans and $0.2 billion on GMIO debt.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements;
- Charges of $0.4 billion for settlement with the PBGC associated with the Delphi Benefit Guarantee Agreements;
- Gain recorded on the UST GMAC Loan of $2.5 billion upon the UST's conversion of the UST GMAC Loan for Class B Common Membership Interests in GMAC. The gain resulted from the difference between the fair value and the carrying amount of the GMAC equity interests given to the UST in exchange for the UST GMAC Loan. The gain was partially offset by Old GM's proportionate share of GMAC's loss from operations of $1.1 billion;
- Amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion. In addition, Old GM incurred interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO debt; and
- Loss related to the extinguishment of the UST GMAC Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts to shares of GMAC's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's $1.5 billion U.S. term loan in March 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 1,247	$ 2,390	$ (1,143)	(47.8)%

In the year ended 2008 Total net sales and revenue decreased by $1.1 billion (or 47.8%) primarily due to a decrease in other financing revenue for the liquidation of automotive operating leases. Average outstanding leases on-hand for Old GM was 236,000 and 455,000 for the year ended December 31, 2008 and 2007.

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of Sales	$ 177	$ 93	$ 84	90.3%

In the year ended 2008 Cost of sales increased by $84 million (or 90.3%) primarily due to: (1) loss on foreign exchange and interest rate derivatives of $252 million; (2) a decrease in foreign exchange gain on a transfer pricing transaction between Corporate and GMCL of $159 million; offset by (3) a favorable foreign currency translation effect on our debt denominated in Euros of $267 million.

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 1,012	$ 780	$ 232	29.7%

In the year ended 2008 Selling, general and administrative expense increased by $232 million (or 29.7%) primarily due to an increase in legal expense of $177 million.

Other Expenses, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Delphi charges	$ 4,797	$ 1,547	$ 3,250	n.m.
Other	1,292	2,208	(916)	(41.5)%
Total other expenses, net	$ 6,089	$ 3,755	$ 2,334	62.2%

n.m. = not meaningful

In the year ended 2008 Other expenses, net increased by $2.3 billion (or 62.2%) primarily due to increased charges related to the Delphi Benefit Guarantee Agreements of $3.3 billion offset by a decrease in depreciation of $0.7 billion related to the liquidation of the portfolio of automotive retail leases.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity in Income (Loss) of and Disposition of Interest in GMAC

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Equity in income (loss) of and disposition of interest in GMAC	$ 916	$ (1,245)	$ 2,161	173.6%
Impairment charges related to GMAC Common Membership Interests	(7,099)	—	(7,099)	n.m.
Total equity in income (loss) of and disposition of interest in GMAC	$ (6,183)	$ (1,245)	$ (4,938)	n.m.

n.m. = not meaningful

In the year ended 2008 Equity in loss of and disposition of interest in GMAC increased $4.9 billion due to impairment charges of $7.1 billion related to Old GM's investment in GMAC Common Membership Interests, offset by an increase in Old GM's proportionate share of GMAC's income from operations of $2.2 billion.

Interest Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest expense	$ (2,525)	$ (3,076)	$ 551	17.9%

In the year ended 2008 Interest expense decreased by $0.6 billion (or 17.9%) due to the de-designation of certain derivatives as hedges of $0.3 billion and adjustment to capitalized interest of $0.2 billion.

Interest Income

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest income	$ 655	$ 1,228	$ (573)	(46.7)%

In the year ended 2008 Interest income decreased by $0.6 billion (or 46.7%) due to a reduction in interest earned of $0.3 billion due to lower market interest rates and lower cash balances on hand and nonrecurring favorable interest of $0.2 billion recorded in the year ended 2007 resulting from various tax related items.

Other Non-Operating Income (Expense), net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Impairment related to GMAC Preferred Membership Interests	$ (1,001)	$ —	$ (1,001)	n.m.
Other	175	308	(133)	(43.2)%
Total other non-operating income (expense), net	$ (826)	$ 308	$ (1,134)	n.m.

n.m. = not meaningful

In the year ended 2008 Other non-operating income (expense), net decreased by $1.1 billion primarily due to impairment charges of $1.0 billion related to Old GM's GMAC Preferred Membership Interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Gain on Extinguishment of Debt

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Gain on extinguishment of debt	$ 43	$ —	$ 43	n.m.

n.m. = not meaningful

In the year ended 2008 Gain on extinguishment of debt related to a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of our the Series D debentures, which were retired and cancelled.

Income Tax Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Income tax expense	$ 1,766	$ 36,863	$ (35,097)	(95.2)%

In the year ended 2008 Income tax expense decreased by $35.1 billion (or 95.2%) due to the effect of recording valuation allowances of $39.0 billion against Old GM's net deferred tax assets in the United States, Canada and Germany in the year ended 2007, offset by the recording of additional valuation allowances in the year ended 2008 of $1.9 billion against Old GM's net deferred tax assets in South Korea, the United Kingdom, Spain, Australia, and other jurisdictions.

Liquidity and Capital Resources

Liquidity Overview

In the period July 10, 2009 through December 31, 2009 we had positive operating cash flow of $971 million, and our available liquidity was $22.8 billion at December 31, 2009, not including funds available under credit facilities of $618 million or in the UST Credit Agreement and HCT escrow accounts of $13.4 billion.

Although our cost reduction initiatives have alleviated our short-term cash needs, we still expect to have substantial cash requirements going forward. Our known material future uses of cash include the following:

- Estimated capital expenditures of $6.1 billion in the year ending 2010;
- The restructuring of the Opel/Vauxhall operations and our other European operations in 2010, which may include costs to implement other long-term cost savings and restructuring plans such as potential capacity reduction programs;
- Quarterly payments to the UST and EDC of $1.0 billion and $192 million with a release of equivalent amounts from our escrow funds, which began in the fourth quarter of 2009. In the event of an initial public offering of our equity, this payment schedule would be suspended. In addition, any excess funds in our escrow account at June 30, 2010 must be applied towards the repayment of the UST Loans and Canadian Loan. Any funds remaining in our escrow account after repayment of the loans will be released to us. We also have the right to prepay these loans prior to the stated maturities without premium or penalty;
- Certain payments under the 2009 Revised UAW Settlement Agreement including: (1) VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion on

Table of Contents

July 15 of 2013, 2015 and 2017. We also have the right to prepay these loans prior to the stated maturities without premium or penalty; (2) dividends payable on 260 million shares of our Series A Preferred Stock which have a liquidation preference of $25.00 per share and accrue cumulative dividends of 9.0% per annum; and (3) two years funding of claims costs for individuals that elected the Second 2009 Special Attrition Program; and

- Debt payments of $3.3 billion in 2010 (excluding payments to the UST and EDC and payments on the VEBA Notes).

We believe that our current level of cash and restricted cash will be sufficient to meet our liquidity needs.

However, our liquidity plans are subject to a number of risks and uncertainties, including those discussed in "Risk Factors," some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Available Liquidity

Available liquidity includes cash balances, marketable securities and readily-available VEBA assets. At December 31, 2009 available liquidity was $22.8 billion, not including funds available under credit facilities of $618 million or in the UST Credit Agreement and HCT escrow accounts of $13.4 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

At December 31, 2009 we were in the process of changing our payment terms for the majority of our direct material, service parts and logistics suppliers from payments to be made on the second day after the second month end based on the date of purchase, which averages 47 day payment terms, to weekly payments. This change did not affect the average of 47 days that account payables are outstanding, but it did reduce volatility with respect to our intra-month liquidity and reduced our cash balances and liquidity at each month end. The change to weekly payment terms results in a better match between the timing of our receipt and disbursement of cash, which reduces volatility in our cash balances and lowers our minimum cash operating requirements. We estimated that this change reduced our cash balances at December 31, 2009 by approximately $1.3 billion to $1.7 billion for suppliers then subject to the revised payment terms. We estimate that if the payment term conversion had been completed for all suppliers subject to this initiative the effect on our cash balance would have been a decrease of approximately $2.4 billion at December 31, 2009. We are planning to complete the payment term conversion in 2010.

We manage our global liquidity using U.S. cash investments, the UST Credit Agreement and HCT escrow accounts, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes global liquidity (dollars in millions):

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Cash and cash equivalents	$ 22,679	$ 14,053	$ 24,817
Marketable securities	134	141	2,354
Readily-available VEBA assets	—	—	640
Available liquidity	22,813	14,194	27,811
Available under credit facilities	618	643	7,891
Total available liquidity	23,431	$ 14,837	$ 35,702
UST Credit Agreement and HCT escrow accounts (a)	13,430		
Total liquidity including UST Credit Agreement and HCT escrow accounts	$ 36,861		

(a) Classified as restricted cash. Refer to Note 14 to the consolidated financial statements for additional information on the classification of the escrow accounts.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.5 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

In November 2009 we provided longer-term financing of $900 million to Adam Opel. The funding was primarily used to repay the remaining outstanding amounts of the German Facility, as well as to fund the on-going operating requirements of the Opel/Vauxhall operations.

In January 2010 in order to assist in the funding of the Opel/Vauxhall operations, we provided additional support of $930 million. This support includes the acceleration of certain payments owed under engineering services agreements to Adam Opel, which would normally be paid in April and July, 2010. The payment accelerations serve as a temporary funding source for the Opel/Vauxhall operations until more permanent financing can be arranged.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 primarily due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

Available liquidity decreased to $14.2 billion at December 31, 2008 from $27.8 billion at December 31, 2007 primarily as a result of negative operating cash flow driven by reduced production in North America and Western Europe, postretirement benefit payments and cash restructuring costs, and payments to Delphi; partially offset by borrowings on Old GM's secured revolver and proceeds from the UST Loan Facility.

VEBA Assets

The following table summarizes the VEBA assets (dollars in millions):

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Total VEBA assets	$ —	$ 9,969	$ 16,303
Readily-available VEBA assets	$ —	$ —	$ 640

GM

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 Revised UAW Settlement Agreement. Under the terms of the 2009 Revised UAW Settlement Agreement we have an obligation for VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, scheduled to be repaid in three equal installments of $1.4 billion in July of 2013, 2015 and 2017.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 Revised UAW Settlement Agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

Total VEBA assets decreased to $10.0 billion at December 31, 2008 from $16.3 billion at December 31, 2007 due to negative asset returns and a $1.4 billion withdrawal of VEBA assets in the year ended 2008. In connection with the 2008 UAW Settlement Agreement a significant portion of the VEBA assets were allocated to a separate account, which also hold the proportional investment returns on that percentage of the trust. No amounts will be withdrawn from the separate account including its investment returns from January 2008 until transfer to the New VEBA. Because of this treatment, Old GM excluded any portion of the separate account from available liquidity at and subsequent to December 31, 2007.

Credit Facilities

GM

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo held $1.2 billion and other entities held $0.5 billion. In addition, at December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

Our largest credit facility is GM Daewoo's $1.2 billion revolving credit facility, which was established in October 2002 with a syndicate of banks and converts into a term loan in October 2010. All outstanding amounts at October 2010 are required to be paid in four equal annual installments by October 2014. Borrowings under this facility bear interest based on Korean Won denominated certificates of deposit. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. The borrowings are secured by certain GM Daewoo property, plant and equipment, and are used by GM Daewoo for general corporate purposes, including working capital needs. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

The balance of our credit facilities are held by geographically dispersed subsidiaries, with available capacity on the facilities primarily concentrated at a few of our subsidiaries. At December 31, 2009 GM Hong Kong had $200 million of capacity on a term facility secured by a portion of our equity interest in SGM, with an additional $200 million revolving facility secured by the same collateral set to become available in late 2010. In addition, we expect $360 million of capacity on a secured term facility to be available to certain of our subsidiaries in Thailand over 2010 and 2011. The facilities were entered into to fund growth opportunities within GMIO and meet potential cyclical cash needs.

Old GM

At December 31, 2008 Old GM had unused credit capacity of $0.6 billion, of which $32 million was available in the U.S., $0.1 billion was available in other countries where Old GM did business and $0.5 billion was available in Old GM's joint ventures.

Old GM had a secured revolving credit facility of $4.5 billion with a syndicate of banks, which was extinguished in June 2009. At December 31, 2008 under the secured revolving credit facility $4.5 billion was outstanding. In addition to the outstanding amount at December 31, 2008 there were letters of credit of $10 million issued under the secured revolving credit facility. Under the $4.5 billion secured revolving credit facility, borrowings were limited to an amount based on the value of the underlying collateral. In addition to the secured revolving credit facility of $4.5 billion, the collateral also secured certain lines of credit, automated clearinghouse and overdraft arrangements, and letters of credit provided by the same secured lenders, of $0.2 billion. At December 31, 2008 Old GM had $5 million available under this facility.

In August 2007 Old GM entered into a revolving credit agreement that provided for borrowings of up to $1.0 billion at December 31, 2008, limited to an amount based on the value of the underlying collateral. This agreement provided additional available liquidity that Old GM could use for general corporate purposes, including working capital needs. The underlying collateral supported a borrowing base of $0.3 billion and $1.3 billion at December 31, 2008 and 2007. At December 31, 2008 under this agreement $0.3 billion was outstanding, leaving $13 million available. This revolving credit agreement expired in August 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In November 2007 Old GM renewed a revolving secured credit facility that would provide borrowings of up to $0.3 billion. Under the facility, borrowings were limited to an amount based on the value of underlying collateral, which was comprised of a portion of Old GM's company vehicle fleet. At December 31, 2008 the underlying collateral supported a borrowing base of $0.1 billion. The amount borrowed under this program was $0.1 billion, leaving $3 million available at December 31, 2008. This revolving secured credit facility was terminated in connection with the Chapter 11 Proceedings.

In September 2008 Old GM entered into a one-year revolving on-balance sheet securitization borrowing program that provided financing of up to $0.2 billion. The program replaced an off-balance sheet trade receivable securitization facility that expired in September 2008. The borrowing program was terminated in connection with the Chapter 11 Proceedings; outstanding amounts were fully paid, lenders' liens on the receivables were released and the receivable assets were transferred to Old GM. This one-year revolving facility was in addition to another existing on-balance sheet securitization borrowing program that provided financing of up to $0.5 billion, which matured in April 2009 and was fully paid.

Restricted Cash and Marketable Securities

In connection with the Chapter 11 Proceedings, Old GM obtained funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, $16.4 billion was deposited in escrow, of which $3.9 billion was distributed to us in the period July 10, 2009 through December 31, 2009. We have used our escrow account to acquire all Class A Membership Interests in New Delphi in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and other related payments in the amount of $1.0 billion. In addition, we have made a $1.2 billion quarterly payment on the UST Loans and Canadian Loan. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. The UST Loans and Canadian Loan are recorded in Short-term debt based on these terms.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement between Old GM, EDC, and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements between GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2009 $955 million remained in the escrow account.

Cash Flow

Operating Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing operating activities of $971 million primarily due to: (1) favorable managed working capital of $4.3 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment charges and amortization expense (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring cash payments of $1.2 billion; and (6) sales allowance payments in excess of accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from continuing operating activities of $18.3 billion primarily due to: (1) net loss of $8.3 billion excluding Reorganization gains, net, and depreciation, impairment charges and

Table of Contents

amortization expense (including amortization of debt issuance costs and discounts); (2) unfavorable managed working capital of $5.6 billion; (3) change in accrued liabilities of $6.8 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended 2008 Old GM had negative cash flows from continuing operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. That result compares with positive cash flows from continuing operating activities of $7.5 billion on a Loss from continuing operations of $42.7 billion in the year ended 2007. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing investing activities of $2.0 billion primarily due to: (1) a reduction in restricted cash of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on GMAC common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from continuing investing activities of $21.1 billion primarily due to: (1) increase in restricted cash of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in GMAC of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended 2008 Old GM had negative cash flows from continuing investing activities of $1.8 billion compared to negative cash flows from continuing investing activities of $1.7 billion in the year ended 2007. Decreases in cash flows from continuing investing activities primarily related to: (1) the absence of cash proceeds of $5.4 billion from the sale of the commercial and military operations of its Allison business in 2007; (2) a decrease in the liquidation of marketable securities of $2.3 billion, which primarily consisted of sales, and maturities of highly liquid corporate, U.S. government, U.S. government agency and mortgage backed debt securities used for cash management purposes; and (3) an increase in notes receivable of $0.4 billion in 2008. These decreases were offset by: (1) a decrease in acquisitions of marketable securities of $6.4 billion; (2) a capital contribution of $1.0 billion to GMAC to restore GMAC's adjusted tangible equity balance to the contractually required levels in 2007; (3) an increase in liquidation of operating leases of $0.4 billion; and (4) proceeds from the sale of investments of $0.2 billion in 2008.

Capital expenditures of $3.5 billion in the period January 1, 2009 through July 9, 2009 and $7.5 billion in each of the years ended 2008 and 2007 were a significant use of investing cash. Capital expenditures were primarily made for global product programs, powertrain and tooling requirements.

Financing Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing financing activities of $542 million primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; (2) proceeds of $1.6 billion of other long-term debt; partially offset by (3) the repayment of the German Facility of $1.8 billion; (4) payment on the UST Loans of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

$1.4 billion (including payments of $0.4 billion related to the warranty program); (5) decrease in short-term debt of $0.9 billion; (6) payments on other long-term debt of $0.5 billion; (7) payment on the Canadian Loan of $0.2 billion; and (8) preferred dividend payments of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from continuing financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST GMAC Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on long-term debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended 2008 Old GM had positive cash flows from continuing financing activities of $3.8 billion compared to negative cash flows from continuing financing activities of $5.6 billion in the year ended 2007. The increase in cash flows from continuing financing activities of $9.4 billion related to: (1) borrowings on available credit facilities of $4.5 billion and the UST Loan Facility of $4.0 billion; (2) a decrease in cash dividends paid of $0.3 billion; and partially offset by (3) an increase in payments on long-term debt of $0.3 billion.

Net Asset (Debt)

The following table summarizes net asset (debt) balances (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
UST credit agreement escrow and HCT escrow	13,430	—
Short-term debt and current portion of long-term debt	(10,221)	(16,920)
Long-term debt	(5,562)	(29,018)
Net asset (debt)	$ 20,460	$ (31,744)

Other Liquidity Issues

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM (Receivables Program). In connection with the 363 Sale, we assumed the obligation of the Receivables Program. In December 2009 we announced the termination of the Receivables Program, in accordance with its terms, effective in April 2010. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. We do not anticipate making any additional equity contributions.

GMAC currently finances our vehicles while they are in-transit to dealers in a number of markets including the U.S. In the event GMAC significantly limits or ceases to finance in-transit vehicles, our liquidity will be adversely affected.

We have assumed $100 million of certain loan commitments which Old GM had provided to affiliated companies and critical business partners, and we have subsequently extended an additional $600 million of loan commitments. These commitments can be triggered under certain conditions and expire in the years 2010, 2011 and 2014. At December 31, 2009 we had a total commitment of $700 million outstanding with no amounts loaned.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The UST Credit Agreement and the VEBA Note Agreement contain restrictions on our ability to incur additional indebtedness, including indebtedness secured by a first-priority lien on certain of our assets. The following summarizes the restrictions to incur additional indebtedness (with certain exceptions):

- Secured indebtedness entered into after July 10, 2009 is limited to $6.0 billion, provided that the aggregate amount of commitments under any secured revolving credit facilities shall not exceed $4.0 billion. Secured indebtedness exceeding these amounts is subject to an incurrence test under which total debt divided by 12 month trailing EBITDA cannot exceed 3:1 and also triggers repayments of 50% of the amount borrowed;

- Unsecured indebtedness entered into after July 10, 2009 is limited to $1.0 billion and triggers repayments of 50% of the amount borrowed. Unsecured indebtedness in excess of the $1.0 billion is subject to the incurrence test previously described; and

- The aggregate principal amount of capital lease obligations and purchase money indebtedness shall not exceed $2.0 billion.

The UST Credit Agreement, the VEBA Note Agreement and the Canadian Loan Agreement contain various events of default (including cross-default provisions) that entitle the lenders to accelerate the repayment of the loans upon the occurrence and continuation of an event of default.

The negative covenants of the Canadian Loan Agreement are substantially similar to the negative covenants under the UST Credit Agreement and the VEBA Note Agreement, as applicable to GMCL and the Subsidiary Guarantors, and also require GMCL to maintain certain minimum levels of unrestricted cash and cash equivalents and address specific requirements with respect to pension and compensation matters.

Several of our loan facilities include clauses that may be breached by a change in control, a bankruptcy or failure to maintain certain financial metric limits. The Chapter 11 proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we have assumed the obligation. A potential breach in another loan was addressed before default with a waiver we obtained from the lender subject to renegotiation of the terms of the facility. We successfully concluded the renegotiation of these terms in September 2009. In October 2009 we repaid one of the loans in the amount of $17 million as a remedy to the default. The total amount of the two remaining loan facilities in technical default for these reasons at December 31, 2009 was $206 million. We continue to negotiate with the lenders to obtain waivers or reach settlements to cure these defaults. We have classified these loans as short-term debt at December 31, 2009.

Two of our loan facilities had financial covenant violations at December 31, 2009 related to exceeding financial ratios limiting the amount of debt held by the subsidiaries. One of these violations was cured within the 30 day cure period through the combination of an equity injection and the capitalization of intercompany loans. The $72 million loan related to our powertrain subsidiary in Italy remains in default and we continue negotiations with its lenders to cure the default.

Covenants in our UST Credit Agreement, VEBA Note Agreement, Canadian Loan Agreement and other agreements require us to provide our consolidated financial statements by March 31, 2010. We received waivers of this requirement for the agreements with the UST, New VEBA and EDC. We also provided notice to and requested waivers related to three lease facilities. The filing of our 2009 10-K and our Quarterly Report on Form 10-Q for the period ended September 30, 2009 within the automatic 90 day cure period will satisfy the requirements under these lease facility agreements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Impairment charges related to investment in GMAC Common Membership Interests	$ —	$ —	$ 7,099	$ —
Impairment charges related to investment in GMAC common stock	270	—	—	—
Impairment charges related to investment in GMAC Preferred Membership Interests	—	—	1,001	—
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	(4,901)	—
Salaried post-65 healthcare settlement	—	—	1,704	—
Impairment charges related to equipment on operating leases	18	63	759	134
Impairment charges related to long-lived assets	2	566	1,010	259
Impairment charges related to investments in equity and cost method investments	4	28	119	—
Other than temporary impairments charges related to debt and equity securities	—	11	62	72
Impairment charges related to goodwill	—	—	610	—
Change in amortization period for pension prior service costs	—	—	—	1,561
UAW OPEB healthcare settlement	2,571	—	—	—
CAW settlement	—	—	340	—
Loss (gain) on secured debt extinguishment	—	(906)	—	—
Loss on extinguishment of UST GMAC Loan	—	1,994	—	—
Gain on conversion of UST GMAC Loan	—	(2,477)	—	—
Reorganization gains, net	—	(128,563)	—	—
Valuation allowances against deferred tax assets	—	(751)	1,450	37,770
Total significant non-cash charges	$ 2,865	$ (130,035)	$ 9,253	$ 39,796

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2009 all legal funding requirements had been met.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. hourly and salaried	$ —	$ —	$ —	$ —
Other U.S.	31	57	90	89
Non-U.S.	4,287	529	977	848
Total contributions	$ 4,318	$ 586	$ 1,067	$ 937

In 2010, we do not have any contributions due to our qualified plans. We are currently considering making a discretionary contribution to our U.S. hourly defined benefit pension plan to offset the effect of the increase to the projected benefit obligation (PBO) resulting from the Delphi Benefit Guarantee Agreements being triggered and to reduce the projected future cash funding requirements. We are currently evaluating the amount, timing and form of assets that may be contributed. We expect to contribute or pay benefits of $95 million to our other U.S. pension plan and $355 million to our non-U.S. pension plans in the year ended 2010.

The following table summarizes the funded status of pension plans (dollars in billions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
U.S. hourly and salaried	$ (16.2)	$ (12.4)
U.S. nonqualified	(0.9)	(1.2)
Total U.S. pension plans	(17.1)	(13.6)
Non-U.S.	(10.3)	(11.9)
Total funded (underfunded)	$ (27.4)	$ (25.5)

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $17.1 billion at December 31, 2009 and underfunded by $19.5 billion at July 10, 2009. The change in funded status was primarily attributable to the actual return on plan assets of $9.9 billion offset by actuarial losses of $3.1 billion, service and interest costs of $2.8 billion and $1.4 billion principally related to the Delphi Benefit Guarantee Agreements. On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $10.3 billion at December 31, 2009 and underfunded by $12.7 billion at July 10, 2009. The change in funded status was primarily attributable to employer contributions of $4.3 billion offset by actuarial losses of $1.6 billion in PBO and net detrimental exchange rate movements of $0.7 billion.

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $18.3 billion at July 9, 2009 and underfunded by $13.6 billion at December 31, 2008. The change in funded status was primarily attributable to service and interest costs of $3.3 billion, curtailments, settlements and other increases to the PBO of $1.6 billion and an actual loss on plan assets of $0.2 billion offset by actuarial gains of $0.3 billion. On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $12.7 billion at July 9, 2009 and underfunded by $11.9 billion at December 31, 2008. The change in funded status was primarily attributable to actuarial losses of $1.0 billion in PBO offset by the effect of negative plan amendments of $0.6 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the funded status of OPEB plans (dollars in billions):

	Successor December 31, 2009	Predecessor December 31, 2008
U.S. OPEB plans	$ (5.8)	$ (30.0)
Non-U.S. OPEB plans	(3.8)	(2.9)
Total funded (underfunded)	$ (9.6)	$ (32.9)

In 2008 Old GM withdrew a total of $1.4 billion from the VEBA plan assets for reimbursement of retiree healthcare and life insurance benefits provided to eligible plan participants, which liquidated this VEBA except for those assets to be transferred to the UAW as part of the 2008 UAW Settlement Agreement.

The following table summarizes net benefit payments we expect to pay, which reflect estimated future employee services, as appropriate, but does not reflect the effect of the 2009 CAW Agreement which includes terms of an independent HCT (dollars in millions):

	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2010	$ 9,321	$ 1,414	$ 489	$ 177
2011	$ 8,976	$ 1,419	$ 451	$ 185
2012	$ 8,533	$ 1,440	$ 427	$ 193
2013	$ 8,247	$ 1,461	$ 407	$ 201
2014	$ 8,013	$ 1,486	$ 390	$ 210
2015 – 2019	$37,049	$ 7,674	$ 1,801	$ 1,169

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 Revised UAW Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are used where the economics and sound business principles warrant their use. The principal use of off-balance sheet arrangements occurs in connection with the securitization and sale of financial assets and leases.

Trade receivable securitization programs are utilized in Europe. The banks and factoring companies had a beneficial interest of $8 million and $11 million in the participating pool of trade receivables at December 31, 2009 and December 31, 2008.

Old GM participated in a trade receivables securitization program that expired in September 2008 and was not renewed. As part of this program, Old GM sold receivables to a wholly-owned bankruptcy-remote SPE. The SPE was a separate legal entity that assumed the risks and rewards of ownership of those receivables. Receivables were sold under the program at fair value and were excluded from Old GM's consolidated balance sheet. The banks and the bank conduits had no beneficial interest in the eligible pool of receivables at December 31, 2008. Old GM did not have a retained interest in the receivables sold, but performed collection and administrative functions. The gross amount of proceeds received from the sale of receivables under this program was $1.6 billion in the year ended 2008.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product warranty and recall claims and commercial loans made by GMAC and outstanding with certain third parties excluding residual support and risk sharing related to GMAC. The maximum potential obligation under these commitments is $842 million at December 31, 2009. This amount includes a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing, which is secured by an interest in $127 million certificates of deposit purchased from GMAC to which we have title.

In May 2009 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in Europe, Brazil and Mexico. In November 2008 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in the United States and Canada. Our current agreement with GMAC requires the repurchase of GMAC financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2009 for vehicles invoiced through August 2008 ends in August 2010 for vehicles invoiced through August 2009 and end in August 2011 for vehicles invoiced through August 2010.

The maximum potential amount of future payments required be made to GMAC under this guarantee would be based on the repurchase value of total eligible vehicles financed by GMAC in dealer stock estimated to be $14.1 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $46 million at December 31, 2009, which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Note 21 to the consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2009 (dollars in millions):

	Payments Due by Period				
	2010	2011-2012	2013-2014	2015 and after	Total
Debt (a)	$10,062	$ 963	$ 787	$ 4,986	$16,798
Capital lease obligations	173	127	75	334	709
Interest payments (b)	550	357	1,225	1,483	3,615
Operating lease obligations	467	569	351	326	1,713
Contractual commitments for capital expenditures	988	67	—	—	1,055
Postretirement benefits (c)	478	611	—	—	1,089
Other contractual commitments:					
Material	969	1,353	159	55	2,536
Information technology	806	91	55	—	952
Marketing	718	197	115	52	1,082
Facilities	264	230	32	3	529
Transportation	118	44	4	—	166
Rental car repurchases	3,195	—	—	—	3,195
Policy, product warranty and recall campaigns liability	3,117	3,212	818	202	7,349
Other	11	10	7	—	28
Total contractual commitments (d)(e)	$21,916	$7,831	$3,628	$ 7,441	$40,816
Non-contractual postretirement benefits (f)	$ 196	$ 645	$1,209	$ 18,512	$20,562

(a) Projected future payments on lines of credit were based on outstanding amounts drawn at December 31, 2009.

(b) Amounts include interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2009.

(c) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2010 and 2011 and Canada labor agreements for 2010 through 2012. Post-2009, the UAW hourly medical plan cash payments are capped at the contribution to the New VEBA.

(d) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2009.

(e) Amounts do not include future cash payments for long-term purchase obligations which were recorded in Accounts payable or Accrued expenses at December 31, 2009.

(f) Amount includes all expected future payments for both current and expected future service at December 31, 2009 for other postretirement benefit obligations for salaried employees and hourly postretirement benefit obligations extending beyond the current North American union contract agreements.

In connection with the 363 Sale, we assumed certain but not all of Old GM's contractual obligations at July 10, 2009. However, we did not assume certain other leases held directly by Old GM in connection with the 363 Sale. We are currently engaged in negotiations with the lessors of certain of these leases. In exchange for consideration, MLC has agreed to let us use real estate and equipment covered by these leases until negotiations conclude with the lessors.

The table above does not reflect unrecognized tax benefits of $5.4 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. Refer to Note 22 to the consolidated financial statements for additional discussion of unrecognized tax benefits.

The table above also does not reflect certain contingent loan and funding commitments that we have made. In connection with the DMDA, we established a secured delayed draw term loan facility for New Delphi in October 2009 and committed to provide loans of

Table of Contents

up to $500 million. We have not provided any amounts to New Delphi under the secured delayed draw term loan facility at December 31, 2009. In September 2009 we entered into a new agreement with American Axle & Manufacturing Holdings, Inc. (American Axle), in which we provided American Axle with a cash payment of $110 million and a second lien term loan facility of up to $100 million in exchange for warrants to purchase 4 million shares of American Axle's common stock. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business, formerly a division of Old GM's Powertrain Operations. As part of the transaction, Old GM entered into an agreement, which we assumed in the 363 Sale, with the buyers of Allison whereby Old GM may provide the new parent company of Allison with contingent financing of up to $100 million. This commitment expires on December 31, 2010.

The combined U.S. pension plans were underfunded under U.S. GAAP by $17.1 billion at December 31, 2009. There is no expected required funding for our U.S. hourly and salaried pension plans during 2010 through 2012. The next pension funding valuation date based on the requirements of the Pension Protection Act (PPA) of 2006 would be October 1, 2010. At that time, based on the PPA, we have the option to select a discount rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2009 using the Full Yield Curve discount rate at that time and for all future funding valuations projects contributions of $2.5 billion, $4.6 billion and $4.8 billion in 2013, 2014 and 2015 and additional contributions may be required thereafter. Alternatively, if the 3-Segment discount rate were used for the hypothetical valuation, no pension funding contributions until a contribution of $3.3 billion in 2015 are required, and additional contributions may be required thereafter. In both cases, we have assumed that the pension plans earn the expected return of 8.5% in the future. In addition to the discount rate and rate of return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are currently considering making a discretionary contribution to the U.S. Hourly Defined Benefit Pension Plan. This discretionary contribution is being considered to mitigate the effect of the increase to the PBO of the U.S. Hourly Defined Benefit Pension Plan resulting from the Delphi Benefit Guarantee Agreements being triggered as well as to possibly reduce the projected future cash funding requirements.

Fair Value Measurements

In January 2008 Old GM adopted ASC 820-10, "Fair Value Measurements and Disclosures," for financial assets and financial liabilities, which addresses aspects of fair value accounting. Refer to Note 23 to the consolidated financial statements for additional information regarding the effects of this adoption. In January 2009 Old GM adopted ASC 820-10 for nonfinancial assets and nonfinancial liabilities. Refer to Note 25 to the consolidated financial statements for additional information regarding the effects this adoption.

Fair Value Measurements on a Recurring Basis

At December 31, 2009 we used Level 3, or significant unobservable inputs, to measure $33 million (or 0.1%) of the total assets that we measured at fair value, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value.

At December 31, 2008 Old GM used Level 3, or significant unobservable inputs, to measure $70 million (or 1.2%) of the total assets that it measured at fair value, and $2.3 billion (or 65.8%) of the total liabilities (all of which were derivative liabilities) that it measured at fair value.

Significant assets and liabilities classified as Level 3, with the related Level 3 inputs, are as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk is not observable through the credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants in each period.

Table of Contents

- Other derivative instruments — Other derivative instruments include warrants Old GM issued to the UST. Level 3 inputs used to determine fair value include option pricing models which include estimated volatility, discount rates, and dividend yields.
- Mortgage-backed and other securities — Prior to June 30, 2009 Level 3 inputs used to determine fair value include estimated prepayment and default rates on the underlying portfolio which are embedded in a proprietary discounted cash flow projection model.
- Commodity derivatives — Commodity derivatives include purchase contracts from various suppliers that are gross settled in the physical commodity. Level 3 inputs used to determine fair value include estimated projected selling prices, quantities purchased and counterparty credit ratings, which are then discounted to the expected cash flow.

Transfers In and/or Out of Level 3

At June 30, 2009 Old GM's mortgage- and asset-backed securities were transferred from Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

For periods presented after June 1, 2009 nonperformance risk for us and Old GM was not observable through the credit default swap market as a result of the Chapter 11 Proceedings and the lack of traded instruments for us after emergence. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3. Our nonperformance risk remains not directly observable through the credit default swap market at December 31, 2009 and accordingly the derivative contracts for certain foreign subsidiaries remain classified in Level 3.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Accordingly, foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

In December 2008 Old GM transferred foreign currency derivatives with a fair value of $2.1 billion from Level 2 to Level 3. These derivatives relate to certain of Old GM's foreign consolidated subsidiaries where Old GM was not able to determine observable credit ratings. At December 31, 2008 the fair value of these foreign currency derivative contracts was estimated based on the credit rating of comparable local companies with similar credit profiles and observable credit ratings together with internal bank credit ratings obtained from the subsidiary's lenders. Prior to December 31, 2008, these derivatives were valued based on Old GM's credit rating which was observable through the credit default swap market. In the year ended 2008 we recorded a loss of $775 million related to these derivatives. These losses were excluded from the Level 3 reconciliation as the transfer occurred on December 31, 2008.

Refer to Notes 20 and 23 to the condensed consolidated financial statements for additional information regarding the use of fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. In the period January 1, 2009 through July 9, 2009 net liabilities measured using Level 3 inputs decreased from $2.3 billion to $1.4 billion primarily due to unrealized and realized gains on derivatives and the settlement of the UST warrants issued by Old GM. In the period July 10, 2009 through December 31, 2009 net liabilities measured using Level 3 inputs decreased from $1.4 billion to $672 million primarily due to unrealized and realized gains on and the settlement of derivatives.

At December 31, 2009 net liabilities of $672 million measured using Level 3 inputs were primarily comprised of foreign currency derivatives. Foreign currency derivatives were classified as Level 3 due to an unobservable input which relates to our nonperformance risk. Given our nonperformance risk is not observable through the credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants in each period. At December 31, 2009 we included a $47 million non-performance risk adjustment in the fair

Table of Contents

value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk. We anticipate settling these derivatives at maturity at fair value unadjusted for our nonperformance risk. Credit risk adjustments made to a derivative liability reverse as the derivative contract approaches maturity. This effect is accelerated if a contract is settled prior to maturity.

At December 31, 2008 Old GM used Level 3 inputs to measure net liabilities of $2.3 billion (or 1.3%) of Old GM's total liabilities. In the year ended 2008 assets and liabilities measured using Level 3 inputs changed from a net asset of $828 million to a net liability of $2.3 billion primarily due to foreign currency derivatives of $2.1 billion transferred from Level 2 to Level 3 in December 2008.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the periods July 10, 2009 through December 31, 2009, July 1, 2009 through July 9, 2009, January 1, 2009 through July 9, 2009 or in the year ended December 31, 2008.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions such as dividends on our common stock payable solely in shares of our common stock. In addition, the UST Credit Agreement and the VEBA Note Agreement contain certain restrictions on our ability to pay dividends, other than dividends payable solely in shares of our common stock.

In particular, each of the UST Credit Agreement and the VEBA Note Agreement provides that we may not pay any such dividends on our common stock unless: no default or event of default has occurred under such agreement and is continuing at the time of such payment; and immediately prior to and after giving effect to such dividend, our consolidated leverage ratio is less than 3.00 to 1.00.

The Series A Preferred Stock accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors. On September 15, 2009 we paid dividends of $146 million for the period July 10, 2009 to September 14, 2009, and on December 15, 2009 we paid $203 million for the period September 15, 2009 to December 14, 2009 following approval by our Board of Directors.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 Revised UAW Settlement Agreement. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments, and assumptions that affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending 2010 through 2014, for each of Old GM's former segments (refer to Note 3 for a discussion of our change in segments) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and 10.3% market share in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014;
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014;
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The terms of the 2009 Revised UAW Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
- Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
- Anticipated changes in global market conditions.

- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used a discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 14 for additional discussion of Restricted cash.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	412.5
Per share value	$ 39.72

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" and ASC 715, "Compensation — Retirement Benefits," and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes."

(d) The 260 million shares of Series A Preferred Stock, 88 million shares of our common stock, and warrant to acquire 15.2 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 19 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009		Effect on Per Share Value at July 10, 2009	
Two percentage point decrease in WACC	+$	2.9	+$	7.04
Two percentage point increase in WACC	–$	2.4	–$	5.76
One percentage point increase in long-term growth rate	+$	0.5	+$	1.21
One percentage point decrease in long-term growth rate	–$	0.5	–$	1.10

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to the significant events discussed in Note 19 to the consolidated financial statements, certain of the pension plans were remeasured at various dates in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations, and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets used in the calculation of expected return on U.S. pension plan assets for 2010 was $2.8 billion lower than the actual fair value of plan assets.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans, using a cash flow matching approach, also called a spot rate yield curve approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 91.9% of the non-U.S. pension benefit obligation at December 31, 2009. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. The discount rates for plans in the United Kingdom and Germany use published indices and appropriate adjustments to reflect the underlying duration of expected benefit payments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes rates used to determine net pension expense:

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Weighted-average expected long-term rate of return on U.S. plan assets	8.50%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.97%	7.74%	7.78%	7.85%
Weighted-average discount rate for U.S. plan obligations	5.63%	6.27%	6.56%	5.97%
Weighted-average discount rate for non-U.S. plan obligations	5.82%	6.23%	5.77%	4.97%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial (gain) loss (before tax) on U.S. and non-U.S. pension plans (dollars in billions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Unamortized actuarial (gain) loss	$ (3.0)	$ 41.1

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. actual return	$ 9.9	$ (0.2)	$ (11.4)	$ 10.1
U.S. expected return	$ 3.0	$ 3.8	$ 8.0	$ 8.0
Non-U.S. actual return	$ 1.2	$ 0.2	$ (2.9)	$ 0.5
Non-U.S. expected return	$ 0.4	$ 0.4	$ 1.0	$ 1.0

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant:

	U.S. Plans		Non-U.S. Plans	
Change in Assumption	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO
25 basis point decrease in discount rate	–$ 96 million	+$ 2.4 billion	+$ 7 million	+$ 0.7 billion
25 basis point increase in discount rate	+$ 88 million	–$ 2.3 billion	–$ 1 million	–$ 0.7 billion
25 basis point decrease in expected return on assets	+$193 million	—	+$32 million	—
25 basis point increase in expected return on assets	–$193 million	—	–$32 million	—

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 and the pension obligations at December 31, 2009 and 2008 do not comprehend any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. There is not a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract:

Change in future benefit units	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO
One percentage point increase in benefit units	+$82 million	+$ 239 million
One percentage point decrease in benefit units	–$79 million	–$ 232 million

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM used an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 is based on a yield curve which uses projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 Revised UAW Settlement Agreement. We are released from UAW retiree health care claims incurred after December 31, 2009.

An estimate is developed of the healthcare cost trend rates used to value benefit obligations through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the assumed discount rate or healthcare cost trend rate can have significant effect on the actuarially determined obligation and related U.S. OPEB expense. As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S.

The primary non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB obligations plans.

Due to the significant events discussed in Note 19 to the consolidated financial statements, the U.S. OPEB obligation plans were remeasured at various dates in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007.

Significant differences in actual experience or significant changes in assumptions may materially affect the OPEB obligations. The effects of actual results differing from assumptions and the effects of changing assumptions are included in net actuarial gains and losses in Accumulated other comprehensive income (loss) that are subject to amortization over future periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Weighted-average discount rate for U.S. plans	6.81%	8.11%	7.02%	5.90%
Weighted-average discount rate for non-U.S. plans	5.47%	6.77%	5.90%	5.00%

The following table summarizes the health care cost trend rates used in the measurement of the accumulated postretirement benefit obligations (APBO) at December 31:

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
Assumed Healthcare Trend Rates	U.S. Plans(a)	Non U.S. Plans(b)	U.S. Plans	Non U.S. Plans
Initial healthcare cost trend rate	—%	5.4%	8.0%	5.5%
Ultimate healthcare cost trend rate	—%	3.3%	5.0%	3.3%
Number of years to ultimate trend rate	—	8	6	8

(a) As a result of modifications made to health care plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect on the U.S. plans.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect that a change in the December 31, 2009 assumptions would have on OPEB expense and obligations on an annual basis:

	U.S. Plans		Non-U.S. Plans	
Change in Assumption	Effect on 2010 OPEB Expense	Effect on December 31, 2009 APBO	Effect on 2010 OPEB Expense	Effect on December 31, 2009 APBO
25 basis point decrease in discount rate	–$4 million	+$ 0.1 billion	–$27 million	+$ 0.1 billion
25 basis point increase in discount rate	+$3 million	–$ 0.1 billion	+$26 million	–$ 0.1 billion

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates:

	U.S. Plans(a)		Non-U.S. Plans	
Change in Assumption	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO
One percentage point increase	—%	—%	+$ 14 million	+$ 413 million
One percentage point decrease	—%	—%	–$ 11 million	–$ 331 million

(a) As a result of modifications made to health care plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect in the U.S.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the U.S. SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW

Table of Contents

employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and changes in federal and state unemployment and stimulus payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the health care trend rate, which are applied on a consistent basis with the U.S. hourly defined benefit pension plan and other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Deferred Taxes

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not threshold. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, our and Old GM's experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years. However, because a substantial portion of those cumulative losses relate to various non-recurring matters, those three-year cumulative results are adjusted for the effect of these items. In addition the near- and medium-term financial outlook is considered when assessing the need for a valuation allowance.

If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

The valuation of deferred tax assets requires judgment and accounting for deferred tax consequences of events that have been recorded in the financial statements or in the tax returns and our future profitability represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations. In 2008 because Old GM concluded there was substantial doubt related to its ability to continue as a going concern, it was determined that it was more likely than not that it would not realize its net deferred tax assets in most jurisdictions even though certain of these entities were not in three-year adjusted cumulative loss positions. In July 2009 with U.S. parent company liquidity concerns resolved in connection with the Chapter 11 Proceedings and the 363 Sale, to the extent there was no other significant negative evidence, we concluded that it is more likely than not that we would realize the deferred tax assets in jurisdictions not in three-year adjusted cumulative loss positions.

See Note 22 to the consolidated financial statements for more information regarding the recording of valuation allowances.

Table of Contents

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to four years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the asset. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of marketing incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies that is included in Cost of sales.

In the period January 1, 2009 through July 9, 2009 and in the year ended 2008 Old GM recorded impairment charges of $16 million and $377 million (which includes an increase of $220 million in intersegment residual support and risk sharing reserves) related to its automotive retail leases and $47 million and $382 million related to automotive leases to daily rental car companies.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in the Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with GMAC, whereby GMAC is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to Equipment on operating leases financed by GMAC at December 31, 2009, holding all other assumptions constant (dollars in millions):

	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 534 million
10% decrease in vehicle sales proceeds	+$ 381 million

The critical assumptions underlying the estimated carrying amount of Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Due to the contractual terms of our residual support and risk sharing agreements with GMAC, which currently limit our maximum obligation to GMAC should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds. At December 31, 2009 our maximum obligations to GMAC under our residual support and risk sharing agreements were $1.2 billion and $1.4 billion, and our recorded liabilities under our residual support and risk sharing agreements were $369 million and $366 million.

When a lease vehicle is returned to us, the asset is reclassified from Equipment on operating leases, net to Inventory at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. Our reporting units are GMNA, GME, and various components within the GMIO segment. The fair values of the reporting units are determined based on valuation techniques using the best available information, such as discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the financial statements.

At December 31, 2009 we had goodwill of $30.7 billion, which predominately arose upon the application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-triggered goodwill impairment testing that would be required if the fair value of a reporting unit is less that its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely that a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments.

Future goodwill impairments may occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-triggered goodwill impairment test, to the extent the carrying value of a reporting unit exceeds its fair value, a goodwill impairment could occur.

During the three months ended December 31, 2009 we performed our annual goodwill impairment testing and event driven impairment testing for our GME and certain other reporting units in GMIO. Based on this testing, we determined that goodwill was not impaired. Refer to Notes 12 and 25 to the consolidated financial statements for additional information on goodwill impairments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Impairment of Long-Lived Assets

The carrying amount of long-lived assets held and used in the business is periodically evaluated, including finite-lived intangible assets, when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group. Product-specific long-lived assets are tested at the platform level. Non-product line specific long-lived assets are tested on a regional basis in GMNA and GME and tested at our various reporting units within our GMIO segment. For assets classified as held for sale, such assets are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable; a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 25 to the consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in GMAC common stock of $270 million. We determined the fair value of our investment in GMAC common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of GMAC's operations, which were then aggregated to determine GMAC's overall fair value. Based on our analysis, the estimated fair value of our investment in GMAC common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/tangible book value multiple on our impairment charge:

Change in Assumption	Effect on December 31, 2009 Impairment Charge
0.1 increase in average price/tangible book value multiple	+$ 100 million
0.1 decrease in average price/tangible book value multiple	–$ 100 million

At December 31, 2009 the balance of our investment in GMAC common stock was $970 million and the balance of our investment in GMAC preferred stock was $665 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Derivatives

Derivatives are used in the normal course of business to manage exposure to fluctuations in commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheet as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Certain derivative contracts are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates.

The valuation of derivative liabilities also takes into account nonperformance risk. At December 31, 2009 our nonperformance risk was not observable through the credit default swap market. Our nonperformance risk was estimated based on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us by market participants. Refer to Note 20 to the consolidated financial statements for additional information on derivative financial instruments.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of revenue, and in certain instances, as an increase to cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. Additionally, when an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of revenue or increase to cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in revenue or increase to cost of sales for sales incentives could be affected. As discussed previously, there are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to comply with the requirements of the UST Credit Agreement;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant representations and affirmative and negative covenants in the UST Credit Agreement;
- Our ability to repay the UST Credit Agreement as planned;
- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The ability of our new executive management team to quickly learn the automotive industry, and adapt and excel in their new management roles;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- Our ability to qualify for federal funding of our advanced technology vehicle programs under Section 136 of EISA;
- The ability of our European operations to successfully restructure and receive adequate financial support from various European governments or other sources;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The continued availability of both wholesale and retail financing from GMAC and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on GMAC's ability to obtain funding and which may be suspended by GMAC if GMAC's credit exposure to us exceeds certain limitations provided in our operating arrangements with GMAC;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;
- Continued economic and automotive industry instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Shortages of and increases or volatility in the price of oil;
- Significant changes in the competitive environment, including the effect of competition in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense resulting from changes in the value of plan assets;
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, including the estimates for Delphi pension benefit guarantees, which could have an effect on earnings; and
- Other risks described from time to time in periodic and current reports that we file with the SEC.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We are also subject to these market risks. We do not enter into derivative transactions for speculative or trading purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. A risk management control system is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to the consolidated financial statements. Further information on our exposure to market risk is included in Note 20 to the consolidated financial statements.

In 2008 credit market volatility increased significantly, creating broad credit concerns. In addition, Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we remain unable to enter into forward contracts pending the completion of negotiations with potential derivative counterparties. These negotiations include amendments to existing agreements and entering into new agreements that will likely require that we provide cash to collateralize our net liability positions.

In accordance with the provisions of ASC 820-10, "Fair Value Measurements and Disclosures," which requires companies to consider nonperformance risk as part of the measurement of fair value of derivative liabilities, we record changes in the fair value of our derivative liabilities based on our current credit standing. At December 31, 2009 the fair value of derivatives in a net liability position was $680 million.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of our and Old GM's operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2009 such contracts have remaining maturities of up to 20 months. At December 31, 2009 our three most significant foreign currency exposures were the U.S. Dollar/Korean Won, Euro/British Pound and Euro/Korean Won.

At December 31, 2009 and 2008 the net fair value liability of financial instruments with exposure to foreign currency risk was $5.9 billion and $6.3 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% parallel shift in all quoted foreign currency exchange rates would be $0.9 billion and $2.3 billion at December 31, 2009 and 2008.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are and Old GM was also exposed to foreign currency risk due to the translation of the results of international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our and Old GM's financial position. The effect of foreign currency exchange rate translation on our consolidated financial position was a net translation gain of $157 million in the period July 10, 2009 through December 31, 2009. The effect of foreign currency exchange rate translation on Old GM's consolidated financial position was a net translation gain of $232 million in the period January 1, 2009 through July 9, 2009 and a net translation loss of $1.2 billion in the year ended 2008. These gains and losses were recorded as an adjustment to Total stockholders' equity (deficit) through Accumulated other comprehensive income (loss). The effects of foreign currency exchange rate transactions were a loss of $755 million in the period July 10, 2009 through December 31, 2009, a loss of $1.1 billion in the period January 1, 2009 through July 9, 2009 and a gain of $1.7 billion in the year ended 2008.

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates due to financing activities. Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2009 we did not have any interest rate swap derivative positions to manage interest rate exposures.

At December 31, 2009 we had fixed rate short-term debt of $592 million and variable rate short-term debt of $9.6 billion. Of this fixed rate short-term debt, $232 million was denominated in U.S. Dollars and $360 million was denominated in foreign currencies. Of the variable rate short-term debt, $6.2 billion was denominated in U.S. Dollars and $3.4 billion was denominated in foreign currencies.

At December 31, 2009 we had fixed rate long-term debt of $4.7 billion and variable rate long-term debt of $873 million. Of this fixed rate long-term debt, $3.4 billion was denominated in U.S. Dollars and $1.3 billion was denominated in foreign currencies. Of the variable rate long-term debt, $551 million was denominated in U.S. Dollars and $322 million was denominated in foreign currencies.

At December 31, 2009 and 2008 the net fair value liability of financial instruments with exposure to interest rate risk was $16.0 billion and $17.0 billion. The potential increase in fair value at December 31, 2009 resulting from a 10% decrease in quoted interest rates would be $402 million. The potential increase in fair value at December 31, 2008 resulting from a 10 percentage point increase in quoted interest rates would have been $3.6 billion.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We resumed Old GM's commodity hedging program using options in December 2009.

At December 31, 2009 and 2008 the net fair value asset (liability) of commodity derivatives was $11 million and ($553) million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $6 million and $109 million at December 31, 2009 and 2008. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At

Table of Contents

December 31, 2009 the fair value of these warrants was $25 million. Our exposure also includes investments of $32 million in equity securities classified as trading. At December 31, 2008 Old GM had investments of $24 million in equity securities classified as available-for-sale. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in GMAC common stock and GMAC preferred stock were $970 million and $665 million. At December 31, 2008 the carrying amount of cost method investments was $98 million, of which the carrying amount of the investment in GMAC Preferred Membership Interests was $43 million. These amounts represent the maximum exposure to loss from these investments. On June 30, 2009 GMAC converted its status to a C corporation and, as a result, our equity ownership in GMAC was converted from membership interests to shares of capital stock. Also, on June 30, 2009 Old GM began to account for its investment in GMAC common stock as a cost method investment. On July 10, 2009 in connection with our application of fresh-start reporting, we recorded an increase of $1.3 billion and $629 million to the carrying amounts of our investments in GMAC common stock and GMAC preferred stock to reflect their estimated fair value of $1.3 billion and $665 million. In the period July 10, 2009 through December 31, 2009 we recorded impairment charges of $270 million related to our investment in GMAC common stock and $4 million related to other cost method investments. In the year ended 2008 Old GM recorded impairment charges of $1.0 billion related to its investment in GMAC Preferred Membership Interests.

Counterparty Risk

We are exposed to counterparty risk, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk. At December 31, 2009 our counterparty risk exposure is related to derivative contracts we use to manage exposure to foreign currency exchange rate risk and commodity prices.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee and our Treasurer on a periodic basis. At December 31, 2009 substantially all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

We are exposed to risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

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Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on that risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective controls over the period-end financial reporting process has been identified and included in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Balance Sheet of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor) and the period January 1, 2009 through July 9, 2009 (Predecessor). Our audit also included the financial statement schedule listed in the Index at Item 15. This report does not affect our report on such financial statements and financial statement schedule.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying Consolidated Balance Sheet of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor) and the period January 1, 2009 through July 9, 2009 (Predecessor). Our audit also included the financial statement schedule listed in the Index at Item 15. Our report dated April 7, 2010 expressed an unqualified opinion on those financial statements and financial statement schedule and included explanatory paragraphs relating to (a) the Successor's acquisition of substantially all of the assets and assumption of certain liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009 and the application of fresh-start reporting, which resulted in a lack of comparability between the financial statements of the Successor and Predecessor; and (b) the Predecessor's adoption of new or revised accounting standards.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Detroit, Michigan
April 7, 2010

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and General Motors Corporation and subsidiaries as of December 31, 2008 (Predecessor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor), the period January 1, 2009 through July 9, 2009 (Predecessor) and each of the two years in the period ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2009 (Successor) and General Motors Corporation and subsidiaries at December 31, 2008 (Predecessor), and the results of their operations and their cash flows for the period July 10, 2009 through December 31, 2009 (Successor), the period January 1, 2009 through July 9, 2009 (Predecessor) and each of the two years in the period ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with Accounting Standards Codification (ASC) Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted ASC Topic 820-10, *Fair Value Measurements and Disclosures*, effective January 1, 2008 and adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009. In addition, on January 1, 2009, the Predecessor retrospectively adjusted the consolidated financial statements for all prior periods presented for the adoption of amendments to ASC Topic 810-10, *Consolidation*, which affect the reporting of non-controlling interests in partially-owned consolidated subsidiaries, and for the adoption of ASC Topic 470-20, *Debt with Conversion and Other Options*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 7, 2010 expressed an adverse opinion on the Successor's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Detroit, Michigan
April 7, 2010

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

Item 8. ***Financial Statements and Supplementary Data***

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales and revenue				
Sales	$ 57,329	$ 46,787	$ 147,732	$ 177,594
Other revenue	145	328	1,247	2,390
Total net sales and revenue	57,474	47,115	148,979	179,984
Costs and expenses				
Cost of sales	56,381	55,814	149,257	165,573
Selling, general and administrative expense	6,006	6,161	14,253	14,412
Other expenses, net	15	1,235	6,699	4,308
Total costs and expenses	62,402	63,210	170,209	184,293
Operating loss	(4,928)	(16,095)	(21,230)	(4,309)
Equity in income (loss) of and disposition of interest in GMAC	—	1,380	(6,183)	(1,245)
Interest expense	(694)	(5,428)	(2,525)	(3,076)
Interest income and other non-operating income, net	440	852	424	2,284
Gain (loss) on extinguishment of debt	(101)	(1,088)	43	—
Reorganization gains, net (Note 2)	—	128,155	—	—
Income (loss) from continuing operations before income taxes and equity income	(5,283)	107,776	(29,471)	(6,346)
Income tax expense (benefit)	(1,000)	(1,166)	1,766	36,863
Equity income, net of tax	497	61	186	524
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Discontinued operations (Note 5)				
Income from discontinued operations, net of tax	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	4,293
Income from discontinued operations	—	—	—	4,549
Net income (loss)	(3,786)	109,003	(31,051)	(38,136)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)
Net income (loss) attributable to stockholders	(4,297)	109,118	(30,943)	(38,542)
Less: Cumulative dividends on preferred stock	131	—	—	—
Net income (loss) attributable to common stockholders	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)
Earnings (loss) per share (Note 28)				
Basic				
Income (loss) from continuing operations attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Diluted				
Income (loss) from continuing operations attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Cash dividends per common share	$ —	$ —	$ 0.50	$ 1.00
Amounts attributable to common stockholders:				
Income (loss) from continuing operations, net of tax	$ (4,428)	$ 109,118	$ (30,943)	$ (43,091)
Income from discontinued operations, net of tax	—	—	—	4,549
Net income (loss)	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor December 31, 2009	Predecessor December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
Total cash, cash equivalents and marketable securities	22,813	14,194
Restricted cash	13,917	672
Accounts and notes receivable (net of allowance of $250 and $422)	7,518	7,918
Inventories	10,107	13,195
Assets held for sale	388	—
Equipment on operating leases, net	2,727	5,142
Other current assets and deferred income taxes	1,777	3,146
Total current assets	59,247	44,267
Non-Current Assets		
Restricted cash	1,489	1,917
Equity in net assets of nonconsolidated affiliates	7,936	2,146
Assets held for sale	530	—
Equipment on operating leases, net	3	442
Property, net	18,687	39,665
Goodwill	30,672	—
Intangible assets, net	14,547	265
Deferred income taxes	564	98
Prepaid pension	98	109
Other assets	2,522	2,130
Total non-current assets	77,048	46,772
Total Assets	$ 136,295	$ 91,039
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable (principally trade)	$ 18,725	$ 22,259
Short-term debt and current portion of long-term debt	10,221	16,920
Liabilities held for sale	355	—
Postretirement benefits other than pensions	846	4,002
Accrued expenses	22,288	32,427
Total current liabilities	52,435	75,608
Non-Current Liabilities		
Long-term debt	5,562	29,018
Liabilities held for sale	270	—
Postretirement benefits other than pensions	8,708	28,919
Pensions	27,086	25,178
Other liabilities and deferred income taxes	13,279	17,392
Total non-current liabilities	54,905	100,507
Total liabilities	107,340	176,115
Commitments and contingencies (Note 21)		
Preferred stock, $0.01 par value (1,000,000,000 shares authorized and 360,000,000 shares issued and outstanding at December 31, 2009) (Notes 2 and 19)	6,998	—
Equity (Deficit)		
Old GM		
Preferred stock, no par value (6,000,000 shares authorized, no shares issued and outstanding)	—	—
Preference stock, $0.10 par value (100,000,000 shares authorized, no shares issued and outstanding)	—	—
Common stock, $1 2/3 par value common stock (2,000,000,000 shares authorized, 800,937,541 shares issued and 610,483,231 shares outstanding at December 31, 2008)	—	1,017
General Motors Company		
Common stock, $0.01 par value (2,500,000,000 shares authorized and 500,000,000 shares issued and outstanding at December 31, 2009) (Notes 2 and 19)	5	—
Capital surplus (principally additional paid-in capital)	24,050	16,489
Accumulated deficit	(4,394)	(70,727)
Accumulated other comprehensive income (loss)	1,588	(32,339)
Total stockholders' equity (deficit)	21,249	(85,560)
Noncontrolling interests	708	484
Total equity (deficit)	21,957	(85,076)
Total Liabilities and Equity (Deficit)	$ 136,295	$ 91,039

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from operating activities				
Net income (loss)	$ (3,786)	$ 109,003	$ (31,051)	$ (38,136)
Income (loss) income from discontinued operations	—	—	—	4,549
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) continuing operating activities				
Depreciation, impairment charges and amortization expense	4,241	6,873	10,014	9,513
Goodwill impairment charges	—	—	610	—
Delphi charges	—	—	4,797	1,547
Foreign currency translation and transaction (gain) loss	755	1,077	(1,705)	661
Impairment charges related to investments in GMAC	270	—	8,100	—
Amortization of discount and issuance costs on debt issues	140	3,897	189	177
(Gain) loss related to Saab deconsolidation and bankruptcy filing	(59)	478	—	—
Undistributed earnings of nonconsolidated affiliates	(497)	1,036	(727)	293
OPEB expense	3,206	193	(2,115)	2,362
OPEB payments	(1,514)	(1,886)	(3,831)	(3,751)
VEBA withdrawals	—	9	1,355	1,694
Contributions to New VEBA	(252)	—	—	—
Pension expense	364	3,041	4,862	1,799
Pension contributions	(4,318)	(586)	(1,067)	(937)
Gain on extinguishment of U.S. term loan	—	(906)	—	—
Loss on extinguishment of UST GMAC Loan	—	1,994	—	—
Loss on extinguishment of other debt	101	—	—	—
Gain on disposition of GMAC Common Membership Interests	—	(2,477)	—	—
Cash payments related to reorganizations gains, net	—	(408)	—	—
Reorganization gains, net	—	(128,155)	—	—
Provisions for deferred taxes	(1,427)	(600)	1,163	36,717
Change in other investments and miscellaneous assets	303	596	(395)	651
Change in other operating assets and liabilities, net of acquisitions and disposals	2,605	(10,229)	94	(3,412)
Other	839	(1,253)	(2,358)	2,878
Net cash provided by (used in) continuing operating activities	971	(18,303)	(12,065)	7,507
Cash provided by discontinued operating activities	—	—	—	224
Net cash provided by (used in) operating activities	971	(18,303)	(12,065)	7,731

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from investing activities				
Expenditures for property	(1,914)	(3,517)	(7,530)	(7,542)
Investments in marketable securities, acquisitions	(158)	(202)	(3,771)	(10,155)
Investments in marketable securities, liquidations	171	185	5,866	8,119
Investment in GMAC	—	(884)	—	(1,022)
Investment in stock warrants	(25)	—	—	—
Acquisition of companies, net of cash acquired	(2,127)	—	(1)	(46)
Increase in cash due to consolidation of CAMI	—	46	—	—
Decrease in cash due to deconsolidation of Saab in February 2009	—	(41)	—	—
Increase in cash due to consolidation of Saab in August 2009	222	—	—	—
Distributions from GMAC received on GMAC common stock	72	—	—	—
Operating leases, liquidations	564	1,307	3,610	3,165
Proceeds from sale of discontinued operations	—	—	—	5,354
Proceeds from sale of business units/equity investments	—	—	232	—
Proceeds from sale of real estate, plants, and equipment	67	38	347	332
Change in notes receivable	(31)	(23)	(430)	34
Change in restricted cash	5,171	(18,043)	(87)	23
Net cash provided by (used in) continuing investing activities	2,012	(21,134)	(1,764)	(1,738)
Cash used in discontinued investing activities	—	—	—	(22)
Net cash provided by (used in) investing activities	2,012	(21,134)	(1,764)	(1,760)
Cash flows from financing activities				
Net decrease in short-term debt	(909)	(2,364)	(4,100)	(5,749)
Proceeds from UST Loan Facility and UST GMAC Loan	—	16,645	4,000	—
Proceeds from funding by EDC	4,042	—	—	—
Proceeds from the Receivables Program	30	260	—	—
Proceeds from DIP Facility	—	33,300	—	—
Proceeds from EDC Loan Facility	—	2,407	—	—
Proceeds from issuance of long-term debt	873	345	5,928	2,131
Proceeds from German Facility	716	992	—	—
Payments on the UST Loans	(1,361)	—	—	—
Payments on Canadian Loan	(192)	—	—	—
Payments on Receivables Program	(140)	—	—	—
Payments on German Facility	(1,779)	—	—	—
Payments on other long-term debt	(541)	(6,072)	(1,702)	(1,403)
Cash, cash equivalents and restricted cash retained by MLC	—	(1,216)	—	—
Payments to acquire noncontrolling interest	(100)	(5)	—	—
Fees paid for debt modification	—	(63)	—	—
Cash dividends paid to GM preferred stockholders	(97)	—	—	—
Cash dividends paid to Old GM common stockholders	—	—	(283)	(567)
Net cash provided by (used in) continuing financing activities	542	44,229	3,843	(5,588)
Cash provided by (used in) discontinued financing activities	—	—	—	(5)
Net cash provided by (used in) financing activities	542	44,229	3,843	(5,593)
Effect of exchange rate changes on cash and cash equivalents	532	168	(778)	316
Net increase (decrease) in cash and cash equivalents	4,057	4,960	(10,764)	694
Cash and cash equivalents reclassified as assets held				

for sale	(391)	—	—	—
Cash and cash equivalents at beginning of the year	19,013	14,053	24,817	24,123
Cash and cash equivalents at end of the year	$ 22,679	$ 19,013	$ 14,053	$ 24,817

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Common Stockholders'						
	Common Stock	**Capital Surplus**	**Accumulated Equity (Deficit)**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Comprehensive Income (Loss)**	**Total Equity (Deficit)**
Balance at December 31, 2006, Predecessor	$ 943	$ 15,946	$ (29)	$ (22,126)	$ 1,190		$ (4,076)
Net income (loss)	—	—	(38,542)	—	406	$ (38,136)	(38,136)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	998	29	1,027	
Cash flow hedging losses, net	—	—	—	(38)	(272)	(310)	
Unrealized loss on securities	—	—	—	(17)	—	(17)	
Defined benefit plans, net (Note 27)	—	—	—	6,043	—	6,043	
Other comprehensive income (loss)	—	—	—	6,986	(243)	6,743	6,743
Comprehensive income (loss)	—					$ (31,393)	
Effects of accounting change regarding pension plans and OPEB plans measurement dates pursuant to ASC 715-20, net of tax	—	—	(425)	1,153	—		728
Cumulative effect of a change in accounting principle — adoption of ASC 740-10, net of tax	—	—	137	—	—		137
Stock options	—	55	—	—	—		55
Conversion of GMAC Preferred Membership Interests	—	27	—	—	—		27
Cash dividends paid to Old GM common stockholders	—	—	(567)	—	—		(567)
Cash dividends paid to noncontrolling interests	—	—	—	—	(88)		(88)
Dealership investments	—	—	—	—	(51)		(51)
Purchase of capped call option on Old GM common stock	—	(99)	—	—	—		(99)
Issuance of Series D debentures	—	171	—	—	—		171
Other	—	—	—	—	4		4
Balance at December 31, 2007, Predecessor	943	16,100	(39,426)	(13,987)	1,218		(35,152)
Net income (loss)	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 27)	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)						$ (49,984)	
Effects of GMAC adoption of ASC 820-10 and ASC 825-10	—	—	(76)	—	—		(76)
Stock options	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	(283)	—	—		(283)
Cash dividends paid to noncontrolling interests	—	—	—	—	(46)		(46)
Other	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	109,118	—	(115)	$ 109,003	109,003
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	46	—	46	
Defined benefit plans, net (Note 27)	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)						$ 106,064	
Cash dividends paid to noncontrolling interests	—	—	—	—	(26)		(26)
Other	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	1,018	16,494	38,390	(35,370)	408		20,940

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Common Stockholders'						
	Common Stock	Capital Surplus	Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:							
Elimination of predecessor common stock, capital surplus and accumulated deficit	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	35,370	—		35,370
Issuance of GM common stock	4	18,787	—	—	—		18,791
Balance July 10, 2009 Successor	4	18,787	—	—	408		19,199
Net income (loss)	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	157	(33)	124	
Unrealized gain on derivatives	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	2	—	2	
Defined benefit plans, net (Note 27)	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)						$ (2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	1	4,935	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	(100)		(100)
Cash dividends paid to GM preferred stockholders	—	—	(97)	—	—		(97)
Other	—	—	—	—	30		30
Balance December 31, 2009, Successor	$ 5	$ 24,050	$ (4,394)	$ 1,588	$ 708		$ 21,957

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

We develop, produce and market cars, trucks and parts worldwide. We analyze the results of our business through our three segments, which are GM North America (GMNA), GM Europe (GME), and General Motors International Operations (GMIO). Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 19) and a portfolio of automotive retail leases.

We also own a 16.6% equity interest in GMAC Inc. (GMAC), which is accounted for as a cost method investment because we cannot exercise significant influence over GMAC. GMAC provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. In addition, legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the President's Designee (Certification Deadline), the President's Designee had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the President's Designee determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the President's Designee's requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST GMAC Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other cost reduction and restructuring actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was to be phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions.

Table of Contents

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued(a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was comprised of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

Refer to Note 18 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC:

UST

- 304.1 million shares of our common stock;
- 83.9 million shares of our Series A Fixed Rate Cumulative Perpetual Preferred Stock (Series A Preferred Stock);

Canada Holdings

- 58.4 million shares of our common stock;
- 16.1 million shares of Series A Preferred Stock;

New VEBA

- 87.5 million shares of our common stock;
- 260.0 million shares of Series A Preferred Stock;
- Warrant to acquire 15.2 million shares of our common stock;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

MLC

- 50.0 million shares of our common stock; and
- Two warrants, each to acquire 45.5 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock is classified as temporary equity because one of the holders, the UST, controls our Board of Directors and could compel us to call the Preferred Stock for redemption in 2014. We are not accreting the Preferred Stock to its redemption amount of $9.0 billion because we believe it is not probable that the UST will control our Board of Directors in 2014.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Emergence from Bankruptcy

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending 2010 through 2014, for each of Old GM's former segments (refer to Note 3 for a discussion of our change in segments) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
- Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and 10.3% market share in 2014;
- LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014;
- AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014;

- Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
- Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
- The terms of the 2009 Revised UAW Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
- Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
- Anticipated changes in global market conditions.

- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 14 for additional discussion of Restricted cash.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	412.5
Per share value	$ 39.72

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee related obligations were recorded in accordance with ASC 712 and ASC 715, and deferred income taxes were recorded in accordance with ASC 740.

(d) The 260 million shares of Series A Preferred Stock, 88 million shares of our common stock, and warrant to acquire 15.2 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 19 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of nonconsolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$ 141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued expenses	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	4	—	4
Capital surplus (principally additional paid-in capital)	—	18,787	—	18,787
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$ 141,969

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST(a)	Canada Holdings(b)	New VEBA(c)	Pension and OPEB(d)	MLC(e)	Other(f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued expenses	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$ (5,964)	$ —	$ —	$(25,257)	$ (710)	$(63,492)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 304 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

$1.3 billion when entered into) and the issuance of 58 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 Revised UAW Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree health care plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;
- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;
- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and
- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 50 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 91 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor
	Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$ 1,797

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued expenses ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and notes receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, current and non-current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;
- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;
- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and
- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.
- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.
- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor	Predecessor
	July 10, 2009	July 9, 2009
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$ 36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets. None of the goodwill from this transaction is deductible for tax purposes.

Intangible assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
  - Forecasted revenue for each technology category by Old GM's former segments;
  - Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
  - Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
  - Estimated economic lives, which ranged from 7 to twenty years.
- The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
  - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
  - The probability and cost of obtaining commercial feasibility;
  - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
  - Estimated economic lives ranging from approximately 10 to 20 years.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
  - Forecasted revenue for each brand name by Old GM's former segments;
  - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
  - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
  - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
  - Forecasted revenue;
  - Customer retention rates;
  - Profit margins; and
  - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$ 16,074

Deferred Income Taxes, non-current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Assets, non-current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in GMAC common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in GMAC common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of GMAC's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine GMAC's overall fair value. The significant inputs used in our fair value analysis were as follows:

- GMAC's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of GMAC, as well as our view on its ability to access capital markets; and
- The value of GMAC's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in GMAC preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on GMAC preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar GMAC securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests. For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 14 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, current and non-current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and Non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and Non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted average discount rate used was 6.0% and 5.5%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

for the U.S. and Non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For Non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with 8 years to the ultimate trend rate.

Accrued Expenses, Other Liabilities, and Deferred Income Taxes, current and non-current

We recorded Accrued expenses of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued expenses and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;
- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;
- A decrease of $179 million to lease-related obligations;
- A decrease of $162 million related to certain customer deposits;
- $582 million increase in deferred income taxes; and
- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 21 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$ 128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

Our consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. In addition, we continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Change in Segments

Old GM's operations included four segments consisting of GMNA, GME, GM Latin America/Africa/Middle-East and GM Asia Pacific. In order to streamline our business and speed our decision making processes, we have revised our operational structure, combining Old GM's Latin America/Africa/Middle East and Asia Pacific segments into one segment, GMIO. We have revised the segment presentation for all periods presented.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

Revenue Recognition

Net sales and revenue are primarily comprised of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Net sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Net sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease agreement.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems in our vehicles, is deferred and recorded on a straight-line basis over the subscription period. A one-year OnStar subscription is offered as part of the sale or lease of a new vehicle. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the one-year subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Net sales and revenue.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventory

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method. Old GM determined cost using the LIFO costing method for 21% of its inventories at December 31, 2008 and used the FIFO costing method or average cost method for all other inventories.

Inventory is analyzed and the carrying amount is adjusted downward if it is determined to be carried above market. Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Off-lease and other vehicles are compared to current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete. If the estimated market value is less than cost, as determined by the inventory costing methodology, the carrying amount of the affected inventory is reduced to market value.

Advertising

Advertising costs of $2.1 billion in the period July 10, 2009 through December 31, 2009, $1.5 billion in the period January 1, 2009 through July 9, 2009, $5.3 billion in the year ended 2008 and $5.5 billion in the year ended 2007 were expensed as incurred.

Research and Development Expenditures

Research and development expenditures of $3.0 billion in the period July 10, 2009 through December 31, 2009, $3.0 billion in the period January 1, 2009 through July 9, 2009, $8.0 billion in the year ended 2008 and $8.1 billion in the year ended 2007 were expensed as incurred.

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all assets using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For assets placed in service before January 2001, Old GM used accelerated depreciation methods. For assets placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to Property, net are recorded in Cost of sales. Refer to Notes 11 and 25 for additional information on property and impairments.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the manufacturing process of vehicles. Expenditures for special tools are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. Powertrain special tools are amortized over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 11 for additional information on special tools.

Goodwill

Goodwill arises from the application of fresh-start reporting and other business acquisitions. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its

Table of Contents

implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, and various components within the GMIO segment. Where available and as appropriate, comparative market multiples are used to corroborate the results of the discounted cash flow method. Refer to Note 25 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. In selecting a useful life, we consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets.

Amortization of developed technology and intellectual property is recorded in Cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Selling, general and administrative expense. Refer to Notes 2 and 13 for additional information on intangible assets.

Valuation of Long-Lived Assets

When events and circumstances warrant, the carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are generally tested for impairment on a regional basis in GMNA and GME and tested at our various reporting units within our GMIO segment. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007. Based on the results of the analyses, long-lived asset impairment charges were recorded. Refer to Note 25 for additional information on impairments.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is generally provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 48 months and vehicles leased to rental car companies with lease terms that average 11 months or less. We are and Old GM was exposed to changes in the residual values of those assets. The residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the United States and Canada and forecasted auction proceeds outside of the United States and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. Over the life of the lease, the adequacy of the estimate of the residual value is evaluated and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

When a lease vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventory at the lower of cost or estimated selling price, less costs to sell.

Impairment charges related to Equipment on operating leases, net are recorded in Cost of sales. Refer to Notes 25 and 30 for additional information on impairments and operating lease arrangements with GMAC.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, using the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Other comprehensive income (loss). The assets and liabilities of foreign subsidiaries which do not use the local currency as their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed previously, are recorded in Cost of sales. The effects of foreign currency transactions were a loss of $755 million in the period July 10, 2009 through December 31, 2009, a loss of $1.1 billion in the period January 1, 2009 through July 9, 2009, a gain of $1.7 billion in the year ended 2008 and a loss of $661 million in the year ended 2007.

Policy and Warranty

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

Recall Campaigns

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

There is an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of investments. Available-for-sale securities are recorded at fair value, with unrealized gains and losses reported, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified marketable securities as available-for-sale, except for certain mortgage-related securities, that were classified as held-to-maturity. Held-to-maturity securities were recorded at amortized cost.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Securities are classified in Level 1 of the valuation hierarchy when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2 of the valuation hierarchy. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2 of the valuation hierarchy. Securities are classified in Level 3 of the valuation hierarchy in certain cases where there are unobservable inputs to the valuation in the marketplace.

Annually, we conduct a review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. Factors considered in determining whether a loss on an equity security is other than temporary include the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and the ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices. These financial exposures are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment. Derivatives that received hedge accounting treatment prior to October 1, 2008 were evaluated for effectiveness at the time they were designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. In Level 2 of the valuation hierarchy, we include foreign currency derivatives, commodity derivatives, interest rate swaps, cross currency swaps and warrants. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3 of the valuation hierarchy. In Level 3 of the valuation hierarchy, we include warrants issued to the UST, certain foreign currency derivatives, certain long-dated commodity derivatives and interest rate swaps with notional amounts that fluctuated over time.

The valuation of derivative liabilities takes into account our nonperformance risk. For the periods presented after June 1, 2009, our nonperformance risk was not observable through the credit default swap market, and an analysis of comparable industrial companies was used to determine the appropriate credit spread which would be applied to us by market participants. In these periods, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3 of the valuation hierarchy.

We recorded the earnings effect resulting from the change in fair value of all derivative instruments not receiving hedge accounting in Interest income and other non-operating income, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Prior to October 1, 2008 Old GM recorded effective changes in fair value of derivatives designated as cash flow hedges in net unrealized gains (losses) on derivatives within a separate component of Accumulated other comprehensive income (loss). Amounts were reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affected earnings. All ineffective changes in fair value were recorded in earnings. Prior to October 1, 2008 changes in fair value of derivatives designated as fair value hedges were recorded in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Changes in fair value of derivatives not designated as hedging instruments were recorded in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM's quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Accordingly, all derivatives were recorded at fair value in the consolidated balance sheets and subsequent changes in fair value of derivatives were recorded in earnings. Certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges were also recorded in earnings by Old GM. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

The cash flows from derivative instruments receiving hedge accounting treatment are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 20 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. All available evidence, both positive and negative using a more likely than not standard, is considered to determine if valuation allowances should be established against deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, previous experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified.

The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income in the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The following possible sources of taxable income have been considered when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations

Table of Contents

and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and Other non-operating income, net, interest expense in Interest expense and penalties in Selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average expected future working lifetime to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments on or after July 2008 are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are currently amortized over a time period corresponding with the average life expectancy of the plan participants.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related U.S. benefit plans at their respective measurement dates. We use a cash flow matching approach, also called a spot rate yield curve approach, that uses projected cash flows matched to spot rates along a zero coupon yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

The discount rate assumption is established for each of the retirement-related non-U.S. benefit plans at their respective measurement dates utilizing published indices with adjustments made to reflect the underlying duration of expected benefit payments.

Plan Asset Valuation

Equity and debt securities, including asset backed securities, held by the investment pools are valued based upon the last traded or current bid price where market quotations are readily available. Securities which are not traded on an exchange, such as structured debt, are valued primarily using independent pricing vendors, using dealer or counterparty supplied valuations, or at their fair value as determined by an internal valuation committee. A periodic review of the pricing vendors that includes discussion and analysis of the inputs used to provide prices is held to ensure the integrity of the third-party valuations used in fair value estimates.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Real estate investments are valued using information such as independent real estate appraisals, internal appraisals prepared by investment managers and other market-based information about the individual property. The independent real estate appraisals are prepared at least once every three years and include detailed market studies and multiple valuation methodologies typical in the real estate industry such as sales comparison approach, replacement cost approach and income capitalization approach. For periods in which independent appraisals are not prepared, models using one or more of these approaches are developed for each property by asset managers as a means of determining changes in fair value. The fair values for each investment are reviewed quarterly and, if warranted by market or property level changes or other factors, are appropriately adjusted by the internal valuation committee based on management's best estimate of changes in fair value.

Private market investments which have not traded during the most recent period are recorded using the investment sponsor's valuation at the end of the prior quarter plus net cash flows and excluding fees during the most recent quarter. The investment sponsor's valuation will not be used if the sponsor's valuation does not reflect fair value in management's opinion. In this case, an internal valuation committee determines fair value considering factors that include valuations by other investors (including write-downs), review of an internal valuation committee's recommendation, and follow-on investments and financings, mergers, and bankruptcies or other events which in the opinion of management suggest material impairment or improvement in the investment.

Derivative instruments are priced primarily through independent pricing vendors, dealers or counterparty-supplied valuations and are typically based on industry standard derivative valuation models. Derivative instruments primarily include financial futures contracts, options including foreign currency options, swaps including options, interest rate swaps and credit default swaps and forward foreign currency contracts.

Valuations for fund investments that do not have a readily determinable fair value are typically estimated using a net asset value (NAV) provided by a third party administrator as a practical expedient. In certain circumstances, a fund's NAV may be adjusted to fair value as determined by an internal valuation committee. Fund investments with readily determinable fair values are priced primarily through independent pricing vendors, dealers or counterparty supplied valuations. Investments in these funds are specific to asset allocation strategies and include global fixed income, real estate, private equity, index, hedge and other funds.

Due to the lack of timely available market information for certain investments and the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had readily available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. These employees also receive a bonus equal to 35.0% of their annual net pay at the beginning of the pre-retirement period. Contributions were required to be made into the government pension program for participants in the pre-retirement period, and participants are entitled to a government subsidy if certain conditions are met. The bonus and additional contributions into the government pension plan were recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postemployment benefits (OPEB) obligations. The liability is comprised of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. Active UAW employees and current retirees and surviving spouses were also granted pension benefit increases. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were generally expensed as incurred.

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We intend to grant awards to our employees through the 2009 Long Term Incentive Plan and have granted and will continue to grant awards under the GM Salary Stock Plan. Our policy is to record compensation expense over the applicable vesting period of an award.

The fair value of awards granted is based on the estimated fair value of our common stock. Since there currently is no observable publicly traded price for our common stock, we estimate the value of our common stock based on a discounted cash flow model. Refer to Note 29 for additional information.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in the year ended 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and they were not replaced by us in the 363 Sale.

Recently Adopted Accounting Principles

Accounting for Uncertainty in Income Taxes

In January 2007 Old GM adopted the provisions of ASC 740-10, "Income Taxes," related to uncertain tax positions. ASC 740 requires that the tax effect(s) of a position be recorded only if it is more likely than not to be sustained based solely on its technical merits at the reporting date. If a tax position is not considered more likely than not to be sustained based solely on its technical merits, no benefits of the tax position are recorded. With the adoption of ASC 740, companies were required to adjust their financial statements to reflect only those tax positions that are more likely than not to be sustained. Upon adoption, Old GM recorded a decrease to Accumulated deficit of $137 million as a cumulative effect of a change in accounting principle with a corresponding decrease to the liability for uncertain tax positions.

Fair Value Measurements

In January 2009 Old GM adopted ASC 820-10, "Fair Value Measurements and Disclosures" for nonfinancial assets and nonfinancial liabilities that are recorded or disclosed at fair value in the financial statements on a nonrecurring basis. ASC 820-10 provides a consistent definition of fair value that focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over company-specific inputs. The effect of Old GM's adoption of ASC 820-10 in January 2009 for nonfinancial assets and nonfinancial liabilities was not material and no adjustment to Accumulated deficit was required.

In April 2009 the Financial Accounting Standards Board (FASB) provided additional application and disclosure guidance regarding fair value measurements and impairments of debt securities. ASC 320-10, "Investments — Debt and Equity Securities," was amended and modified the other than temporary impairment guidance for debt securities and the presentation and disclosure requirements for all other than temporary impairments. ASC 820-10 was further amended and provides guidelines for consistently determining fair value measurements when the volume and level of activity for an asset or liability has significantly decreased, and provides guidance on identifying circumstances that indicate that a transaction is not orderly. ASC 825-10, "Financial Instruments" was also amended to expand fair value disclosures to interim reporting periods for certain financial instruments not recorded at fair value in the statement of financial position. Old GM adopted these standards in June 2009. The adoption of these standards did not have a material effect on the consolidated financial statements.

In September 2009 the FASB issued Accounting Standards Update (ASU) 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which permits a reporting entity to utilize, without adjustment, the NAV provided by a third party investee as a practical expedient to measure the fair value of certain investments. We adopted this standard in December 2009. ASU 2009-12 did not have a material effect on the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In October 2009 we adopted ASU 2009-5, "Measuring Liabilities at Fair Value." ASU 2009-5 provides additional guidance for the fair value measurement of liabilities. The adoption did not have a material effect on our consolidated financial statements.

In December 2009 we adopted disclosure updates to ASC 715-20, "Employers' Disclosures about Postretirement Benefit Plan Assets," that requires the following additional disclosures about plan assets for a defined benefit or postretirement plan: (1) narrative providing greater insight as to investment policies and strategies; (2) the fair value of pension plan assets by major category; (3) inputs and valuation techniques used to develop fair value measurement; and (4) discussion of concentration of risk. Refer to Note 19 for more information on the adoption of this guidance.

Business Combinations

In January 2009 Old GM adopted the revised ASC 805, "Business Combinations," which retained the underlying concepts of existing standards that all business combinations be accounted for at fair value under the acquisition method of accounting. However, ASC 805 changes the method of applying the acquisition method in a number of significant aspects. It requires that: (1) for all business combinations, the acquirer record all assets and liabilities of the acquired business, including goodwill, generally at their fair values; (2) certain pre-acquisition contingent assets and liabilities acquired be recorded at their fair values on the acquisition date; (3) contingent consideration be recorded at its fair value on the acquisition date and, for certain arrangements, changes in fair value be recorded in earnings until settled; (4) acquisition-related transaction and restructuring costs be expensed rather than treated as part of the cost of the acquisition and included in the amount recorded for assets acquired; (5) in step acquisitions, previous equity interests in an acquiree held prior to obtaining control be remeasured to their acquisition-date fair values, with any gain or loss recorded in earnings; and (6) when making adjustments to finalize initial accounting, companies revise any previously issued post-acquisition financial information in future financial statements to reflect any adjustments as if they had been recorded on the acquisition date. ASC 805 amended ASC 740, such that adjustments made to valuation allowances on deferred tax assets and acquired tax contingencies associated with acquisitions that closed prior to the effective date of ASC 805 should also apply the provisions of this standard. This standard applies to all business combinations entered into on or after January 1, 2009. In connection with the application of fresh-start reporting, we applied the guidance in this standard.

In January 2009 Old GM also adopted other amendments to ASC 805, related to the initial recognition and measurement, subsequent measurement and disclosures for assets and liabilities arising from contingencies in business combinations. In connection with our application of fresh-start reporting, we applied this guidance when measuring contingent assets and liabilities.

In January 2009 Old GM adopted amendments to ASC 350, "Intangibles — Goodwill and Other," and ASC 805 which clarified the accounting for defensive intangible assets. In connection with our application of fresh-start reporting, we applied this guidance when measuring and recording defensive intangible assets (e.g., Pontiac and Saturn brands).

In January 2009 Old GM also adopted amendments to ASC 275, "Risks and Uncertainties," and ASC 350 which provided new guidance for the determination of the useful life of intangible assets. The new guidance amended the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset. In connection with our application of fresh-start reporting, we applied this guidance in selecting estimated useful lives for intangible assets.

Noncontrolling Interests in Consolidated Financial Statements

In January 2009 Old GM adopted certain amendments to ASC 810-10, "Consolidation," that govern the accounting for and reporting of noncontrolling interests in partially-owned consolidated subsidiaries and the loss of control of subsidiaries. Also, this standard requires that: (1) noncontrolling interest, previously referred to as minority interest, be reported as part of equity in the consolidated financial statements; (2) losses be allocated to a noncontrolling interest even when such allocation might result in a deficit balance, reducing the losses attributed to the controlling interest; (3) changes in ownership interests be treated as equity transactions if control is maintained; (4) changes in ownership interests resulting in gain or loss be recorded in earnings if control is gained or lost; and (5) in a business combination, a noncontrolling interest's share of net assets acquired be recorded at fair value,

Table of Contents

including its share of goodwill. The provisions of this standard were prospective upon adoption, except for the presentation and disclosure requirements. The presentation and disclosure requirements have been applied retrospectively for all periods presented. Accordingly, prior period amounts have been adjusted to apply the new method of accounting.

Accounting for Convertible Debt Instruments

In January 2009 Old GM adopted ASC 470-20, "Debt with Conversion and Other Options," which requires issuers of convertible debt securities within its scope to separate these securities into a debt component and an equity component, resulting in the debt component being recorded at fair value without consideration given to the conversion feature. Issuance costs are allocated between the debt and equity components. ASC 470-20 requires that convertible debt within its scope reflect a company's nonconvertible debt borrowing rate when interest expense is recorded. The provisions of ASC 470-20 have been applied retrospectively upon adoption, and prior period amounts have been adjusted to apply the new method of accounting. As a result of the adoption of ASC 470-20, Interest expense increased and Net income attributable to common stockholders decreased by $50 million in the period January 1, 2009 through July 9, 2009. Net Income attributable to common stockholders, per share, basic and diluted decreased by $0.08 in the period January 1, 2009 through July 9, 2009. Effective July 10, 2009 MLC retained Old GM's convertible debt. As a result, there was no effect on Interest expense, Net loss attributable to common stockholders, and Net loss attributable to common stockholders, per share, basic and diluted in the period July 10, 2009 through December 31, 2009 upon the adoption of ASC 470-20.

Accounting Standards Not Yet Adopted

In June 2009 the FASB issued certain amendments to ASC 860-10, "Transfers and Servicing." ASC 860-10 eliminates the concept of a qualifying special-purpose entity (SPE), establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. This statement is effective for financial asset transfers occurring after the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. The adoption of this standard will not have a material affect on the consolidated financial statements.

In June 2009 the FASB issued an amendment to ASC 810-10. This amendment requires an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly effect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. ASC 810-10, as amended, requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. This statement is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Retrospective application is optional. We are currently evaluating the effects, if any, that ASC 810-10 will have on the consolidated financial statements.

In September 2009 the FASB issued ASU 2009-13, "Multiple-Deliverable Revenue Arrangements." ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. We are currently evaluating the effects, if any, that ASU 2009-13 will have on the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 5. Acquisition and Disposal of Businesses

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC) entered into a joint venture (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 HKJV purchased certain of our operations in India (India Operations), part of our GMIO segment, in exchange for a promissory note due in 2013, the value of which is contingent on the India Operation's earnings before interest and taxes in the years ending 2010 through 2012.

As a result of the sale agreement, the India Operation's assets and liabilities were classified as held for sale at December 31, 2009 and were determined to be non-current because we received a promissory note in exchange for the India Operations that will not convert to cash within one year. The India Operation's total assets of $530 million primarily included cash and cash equivalents, accounts receivable, inventory, and real estate, plants and equipment. Its total liabilities of $270 million primarily included accounts payable and other accrued liabilities.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other Original Equipment Manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities have been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 21 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the PBGC receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 21) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the Pension Benefit Guarantee Corporation (PBGC) $70 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 21 for additional information on the Delphi-GM Settlement Agreements.

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor
	October 6, 2009
Net cash paid	$ 2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$ 3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$ 3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting. Refer to Note 10 for additional information on our Membership Interests in New Delphi.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor
	October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Goodwill of $61 million arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. Goodwill deductible for tax purposes is $646 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 21 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses will not have a significant effect on our financial results as the costs associated with these facilities have historically been reflected as inventory costs and recorded in Cost of sales. Additionally, we did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

In January 2010 we announced that we intend to pursue a sale of Nexteer. We continue to pursue this sale and have not yet entered into a definitive sales agreement.

Saab Bankruptcy and Sale

In February 2009 Saab, part of the GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other expenses related to the deconsolidation. The loss reflects the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant net book value.

At September 30, 2009 we had obtained approval from our Board of Directors, met other necessary criteria to classify Saab's assets and liabilities as held for sale and had identified Koenigsegg Group AB as a potential buyer. In November 2009 the proposed sale of Saab was terminated at the discretion of the buyer. Subsequent to the conclusion of negotiations with Koenigsegg Group AB, our Board of Directors received expressions of interest in Saab from potential buyers including Spyker Cars NV. In February 2010 we completed the sale of Saab to Spyker Cars NV. As part of the agreement, Saab and Spyker Cars NV will operate under the Spyker Cars NV umbrella and Spyker Cars NV will assume responsibility for Saab operations. Previously announced wind-down activities of Saab operations have ended.

Saab's assets and liabilities are classified as held for sale at December 31, 2009. Saab's total assets of $388 million include cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million include accounts payable, warranty and pension obligations and other liabilities.

Sale of Allison Transmission Business

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business, formerly a division of Old GM's Powertrain Operations. The negotiated purchase price of $5.6 billion in cash plus assumed liabilities was paid at closing. The purchase price was subject to adjustment based on the amount of Allison's net working capital and debt on the closing date, which resulted in an adjusted purchase price of $5.4 billion. A gain on the sale of Allison in the amount of $5.3 billion, $4.3 billion after-tax, inclusive of the final purchase price adjustments, was recorded in the year ended 2007. Allison designs and manufactures commercial and military automatic transmissions and is a global provider of commercial vehicle automatic transmissions for

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

on-highway vehicles, including trucks, specialty vehicles, buses and recreational vehicles, off-highway and military vehicles, as well as hybrid propulsion systems for transit buses. Old GM retained the Powertrain Operations' facility near Baltimore, Maryland which manufactures automatic transmissions primarily for trucks and hybrid propulsion systems.

The results of operations and cash flows of Allison have been reported in the consolidated financial statements as Discontinued operations in the year ended 2007. Historically, Allison was reported within GMNA.

The following table summarizes the results of discontinued operations (dollars in millions):

	Predecessor Year Ended December 31, 2007
Net sales	$ 1,225
Income from discontinued operations before income taxes	$ 404
Income tax provision	$ 148
Income from discontinued operations, net of tax	$ 256
Gain on sale of discontinued operations, net of tax	$ 4,293

As part of the transaction, Old GM entered into an agreement, which we assumed in the 363 Sale, with the buyers of Allison whereby Old GM may provide the new parent company of Allison with contingent financing of up to $100 million. Such financing would be made available if, during a defined period of time, Allison was not in compliance with its financial maintenance covenant under a separate credit agreement. Old GM's financing would be contingent on the stockholders of the new parent company of Allison committing to provide an equivalent amount of funding to Allison, either in the form of equity or a loan, and, if a loan, such loan would be granted on the same terms as Old GM's loan to the new parent company of Allison. At December 31, 2009 we have not provided financing pursuant to this agreement. This commitment expires on December 31, 2010. Additionally, both parties have entered into non-compete arrangements for a term of 10 years in the United States and for a term of five years in Europe.

Note 6. Marketable Securities

The following tables summarize information regarding investments in marketable securities (dollars in millions):

	Successor December 31, 2009		
	Unrealized		Fair
	Gains	Losses	Value
Trading securities:			
Equity	$ 4	$ 2	$ 32
United States government and agencies	1	—	17
Mortgage- and asset-backed	—	2	22
Foreign government	1	—	24
Corporate debt	1	1	29
Total trading securities	$ 7	$ 5	$124

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor				Predecessor			
	December 31, 2009				December 31, 2008			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Available-for-sale securities:								
Equity	$—	$ —	$ —	$ —	$ 24	$ —	$ —	$ 24
United States government and agencies	2	—	—	2	4	—	—	4
Mortgage- and asset-backed	—	—	—	—	65	1	—	66
Certificates of deposit	8	—	—	8	11	—	—	11
Foreign government	—	—	—	—	19	—	—	19
Corporate debt	—	—	—	—	17	—	—	17
Total available-for-sale securities	$10	$ —	$ —	$ 10	$140	$ 1	$ —	$141

We and Old GM maintained $79 million of the above securities as compensating balances to support letters of credit of $66 million at December 31, 2009 and 2008. We have and Old GM had access to these securities in the normal course of business; however the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

In addition to the securities previously discussed, securities of $11.2 billion and $4.0 billion with original maturity dates within 90 days of the acquisition date were classified as cash equivalents at December 31, 2009 and 2008.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Sales proceeds	$ 3	$ 185	$ 4,001	$ 955
Realized gains	$ —	$ 3	$ 44	$ 10
Realized losses	$ —	$ 10	$ 88	$ 4

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2009 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Contractual Maturities of Debt Securities		
Due in one year or less	$ 8	$ 8
Due after one year through five years	2	2
Due after five years through ten years	—	—
Due after ten years	—	—
Total contractual maturities of debt securities	$ 10	$ 10

Refer to Note 25 for the amounts recorded as a result of other than temporary impairments on debt and equity securities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 7. Securitizations

Receivables are generated from sales of vehicles through the dealer network, as well as from service parts and powertrain sales. Certain of these receivables are sold to wholly-owned bankruptcy-remote SPEs. The SPEs are separate legal entities that assume the risks and rewards of ownership of the receivables.

On-balance sheet securitization programs are entered into in which certain trade accounts receivable related to vehicle sales are isolated in wholly-owned bankruptcy-remote SPEs, which in turn pledge the receivables to lending institutions. The receivables pledged are not recorded separately from other trade accounts receivable but are recorded in Accounts and notes receivable, net. Borrowings are recorded in Short-term debt and current portion of long-term debt.

Certain trade accounts receivable related to vehicle sales to dealers primarily in the Middle East were pledged as collateral under an on-balance sheet securitization program. The amount of receivables pledged under this program was $504 million at December 31, 2008. The outstanding borrowing under this program was $395 million at December 31, 2008. This facility matured in April 2009 and was fully paid.

In September 2008 Old GM entered into a one-year revolving on-balance sheet securitization program related to vehicle sales to dealers in the United States. This program provided financing of up to $197 million. The program replaced an off-balance sheet trade accounts receivable securitization facility that expired in September 2008. The outstanding borrowing under this program was $140 million at December 31, 2008. The program was terminated in connection with the Chapter 11 Proceedings in June 2009; outstanding amounts were fully paid and lenders' liens on the receivables were released.

Trade receivable securitization programs are utilized in Europe. The banks and factoring companies had a beneficial interest of $8 million and $11 million in the participating pool of trade receivables at December 31, 2009 and December 31, 2008.

Securitizations of Vehicles Subject to Automotive Retail Leases

In connection with the 363 Sale, we acquired vehicles subject to automotive retail leases and assumed the outstanding secured debt previously held by two of Old GM's bankruptcy-remote SPEs. These entities issued secured debt collateralized by vehicles subject to automotive retail leases. The secured debt has recourse solely to the vehicles subject to automotive retail leases and related assets. The outstanding secured debt was $19.8 million and $1.2 billion at December 31, 2009 and 2008.

Note 8. Inventories

The following table summarizes the components of inventory (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Productive material, work in process and supplies	$ 4,201	$ 4,849
Finished product, including service parts	5,906	9,579
Total inventories	10,107	14,428
Less LIFO allowance	—	(1,233)
Total inventories, net	$ 10,107	$ 13,195

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes adjustments recorded to inventories as a result of LCM analyses (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
LCM adjustments on inventories (a)	$ 168	$ 103	$ 336	$ 249

(a) Amounts represent LCM adjustments related to company vehicles and vehicles returned from lease awaiting sale at auction.

In the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the cost of purchases in the period January 1, 2009 through July 9, 2009, and in the years ended 2008 and 2007. These liquidations decreased Old GM's Cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and by $355 million and $100 million in the years ended 2008 and 2007.

Note 9. Equipment on Operating Leases, net

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Current		
Equipment on operating leases	$ 3,070	$ 6,737
Less accumulated depreciation	(343)	(1,595)
Equipment on operating leases, net	$ 2,727	$ 5,142
Noncurrent		
Equipment on operating leases	$ 3	$ 674
Less accumulated depreciation	—	(232)
Equipment on operating leases, net	$ 3	$ 442

The following table summarizes depreciation expense related to Equipment on operating leases, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	Years Ended December 31, 2007
Depreciation expense	$ 437	$ 338	$ 1,575	$ 2,350

Refer to Note 25 for additional information on impairments related to Equipment on operating leases, net.

We are to receive minimum rental payments for Equipment on operating leases, net of $33 million in 2010 and $0 thereafter. The minimum rental payments on vehicle sales to daily rental car companies are paid at lease inception.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
GMAC (a)	$ —	$ (1,097)	$ 916	$ (1,245)
Gain on conversion of UST GMAC Loan (b)	—	2,477	—	—
GMAC Common Membership Interest impairment charges (a)	—	—	(7,099)	—
Total equity in income (loss) of and disposition of interest in GMAC (a)	—	1,380	(6,183)	(1,245)
Other significant nonconsolidated affiliates (c)	466	298	312	430
New United Motor Manufacturing, Inc. (50%) (d)	—	(243)	(118)	(5)
Others	31	6	(8)	99
Total equity in income (loss) of and disposition of interest in nonconsolidated affiliates	$ 497	$ 1,441	$ (5,997)	$ (721)

(a) GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests.

(b) In May 2009 the UST exercised its option to convert the outstanding amounts owed on the UST GMAC Loan into shares of GMAC's Class B Common Membership Interests.

(c) Includes Shanghai General Motors Co., Ltd. (SGM) (50%), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (34%).

(d) New United Motor Manufacturing (NUMMI) (50%) was retained by MLC as part of the 363 Sale.

Investment in SGM

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 14 years, with depreciation expense of $5 million per year.

Investment in New Delphi

In October 2009 we agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi. The New Delphi operating agreement contains specific "waterfall" provisions for the allocation of distributions among the Class A, Class B and Class C Membership Interests of New Delphi at varying percentages based on

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

cumulative amounts of distributions. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with the Class B Membership Interests representing the remaining 65% of New Delphi's equity. Our Class A Membership Interests entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions. Additional distribution percentages are applied to specified distribution levels until the cumulative of $7.0 billion has been distributed. New Delphi does not expect to pay any cash distributions for the foreseeable future. Refer to Note 5 for additional information on New Delphi and the DMDA.

Investment in GMAC

As part of the approval process for GMAC to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in GMAC to less than 10.0% of the voting and total equity of GMAC by December 24, 2011. At December 31, 2009 our equity ownership in GMAC was 16.6% as subsequently discussed.

In December 2008 Old GM and FIM Holdings, an assignee of Cerberus ResCap Financing LLC, entered into a subscription agreement with GMAC under which each agreed to purchase additional Common Membership Interests in GMAC, and the UST committed to provide Old GM with additional funding in order to purchase the additional interests. In January 2009 Old GM entered into the UST GMAC Loan Agreement pursuant to which it borrowed $884 million (UST GMAC Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests of GMAC. The UST GMAC Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST GMAC Loan was secured by Old GM's Common and Preferred Membership Interests in GMAC. As part of this loan agreement, the UST had the option to convert outstanding amounts into a maximum of 190,921 shares of GMAC's Class B Common Membership Interests on a pro rata basis.

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST GMAC Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of GMAC Common Membership Interests of $2.5 billion recorded in Equity in income (loss) of and disposition of interest in GMAC and a loss on extinguishment of the UST GMAC Loan of $2.0 billion recorded in Gain (loss) on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of GMAC's Common Membership Interests.

GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities of $2.5 billion and mandatory convertible preferred securities of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion. In addition the UST converted mandatory convertible preferred securities valued at $3.0 billion into GMAC common stock. These actions resulted in the dilution of our investment in GMAC common stock from 24.5% to 16.6%, of which 6.7% is held directly and 9.9% is held in an independent trust. Pursuant to previous commitments to reduce influence over and ownership in GMAC, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of our 9.9% ownership in GMAC common stock held in the trust by December 24, 2011.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize financial information of GMAC for the periods GMAC was accounted for as an equity method investee (dollars in millions):

	Six Months Ended June 30, 2009 (unaudited)	Years Ended December 31,	
		2008	2007
Consolidated Statements of Income			
Total financing revenue and other interest income	$ 7,450	$18,918	$22,741
Interest expense	$ 4,269	$11,297	$14,406
Depreciation expense on operating lease assets	$ 2,409	$ 5,478	$ 4,552
Gain on extinguishment of debt	$ 657	$12,628	$ 563
Total other revenue	$ 2,453	$14,510	$ 5,964
Total noninterest expense	$ 4,809	$ 8,649	$ 8,486
Income (loss) before income tax expense (benefit)	$ (3,588)	$ 3,376	$ (1,806)
Income tax expense (benefit)	$ 990	$ (60)	$ 395
Net income (loss)	$ (4,578)	$ 1,868	$ (2,332)
Net income (loss) available to members	$ (4,933)	$ 1,868	$ (2,524)

	June 30, 2009 (unaudited)	December 31, 2008
Condensed Consolidated Balance Sheets		
Loans held for sale	$ 11,440	$ 7,919
Total finance receivables and loans, net	$ 87,520	$ 98,295
Investment in operating leases, net	$ 21,597	$ 26,390
Other assets	$ 22,932	$ 26,922
Total assets	$181,248	$ 189,476
Total debt	$105,175	$ 126,321
Accrued expenses and other liabilities	$ 41,363	$ 32,533
Total liabilities	$155,202	$ 167,622
Senior preferred interests	$ 12,500	$ 5,000
Preferred interests	$ 1,287	$ 1,287
Total equity	$ 26,046	$ 21,854

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMAC — Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in GMAC Common and Preferred Membership Interests for the periods GMAC was accounted for as an equity method investee (dollars in millions):

	Predecessor	
	GMAC Common Membership Interests	GMAC Preferred Membership Interests
Balance at January 1, 2008	$ 7,079	$ 1,044
Old GM's proportionate share of GMAC's income	916	—
Conversion of GMAC Participation Agreement to Common Membership Interests	362	—
Impairment charges	(7,099)	(1,001)
Other, primarily accumulated other comprehensive loss	(767)	—
Balance at December 31, 2008	491	43
Old GM's proportionate share of GMAC's losses (a)	(1,130)	(7)
Investment in GMAC Common Membership Interests	884	—
Gain on disposition of GMAC Common Membership Interests (b)	2,477	—
Conversion of GMAC Common Membership Interests (b)	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$ 36

(a) Due to impairment charges and Old GM's proportionate shares of GMAC's losses, the carrying amount of Old GM's investments in GMAC Common Membership Interest was reduced to $0. Old GM recorded its proportionate share of GMAC's remaining losses to its investment in GMAC Preferred Membership Interests.

(b) Due to the exercise of the UST's option to convert the UST GMAC Loan into GMAC Common Membership Interests, in connection with the UST GMAC Loan conversion, Old GM recorded a gain of $2.5 billion on disposition of GMAC Common Membership Interests and a $2.0 billion loss on extinguishment based on the carrying amount of the UST GMAC Loan and accrued interest of $0.9 billion.

Investment in Other Nonconsolidated Affiliates

The following tables summarize information regarding other significant nonconsolidated affiliates including SGM and SGMW (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Carrying amount of investments in significant affiliates	$ 5,516	$ 1,234
Total assets of significant affiliates	$ 10,197	$ 6,555
Total liabilities of significant affiliates	$ 6,737	$ 3,802

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Proportionate share of net income	$ 466	$ 298	$ 312	$ 430

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts. The following tables summarize the effects of transactions with nonconsolidated affiliates which are not eliminated in consolidation (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Results of Operations				
Sales	$ 560	$ 596	$ 1,076	$ 793
Cost of sales	$ 1,137	$ 737	$ 3,815	$ 3,850
Selling, general and administrative expense	$ (19)	$ (19)	$ 62	$ 81
Interest expense	$ —	$ —	$ —	$ 1
Interest income and other non-operating income, net	$ 14	$ (9)	$ 231	$ 816

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Financial Position		
Accounts and notes receivable, net	$ 594	$ 394
Accounts payable (principally trade)	$ 396	$ 112

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash Flows				
Operating	$ 77	$ 546	$ (1,014)	$ (1,837)
Investing	$ (67)	$ —	$ 370	$ 254
Financing	$ —	$ —	$ —	$ 1

Note 11. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Successor		Predecessor	
	Estimated Useful Lives (Years)	December 31, 2009	Estimated Useful Lives (Years)	December 31, 2008
Land	—	$ 2,602	—	$ 1,162
Buildings and land improvements	2-40	4,292	2-40	18,974
Machinery and equipment	3-30	6,686	3-30	49,529
Construction in progress	—	1,649	—	2,938
Real estate, plants, and equipment		15,229		72,603
Less accumulated depreciation		(1,285)		(43,712)
Real estate, plants, and equipment, net		13,944		28,891
Special tools, net	1-13	4,743	1-10	10,774
Total property, net		$ 18,687		$ 39,665

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amount of net capitalized software and capitalized interest included in Property, net (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Capitalized software in use	$ 263	$ 537
Capitalized software in the process of being developed	$ 81	$ 175
Capitalized interest	$ 26	$ 576

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Cost of sales, Selling, general and administrative expense and Other expenses, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Depreciation and impairment of long-lived assets	$ 1,355	$ 4,352	$ 4,863	$ 3,846
Amortization and impairment of special tools	865	2,139	3,493	3,243
Total depreciation, impairment charges and amortization expense	$ 2,220	$ 6,491	$ 8,356	$ 7,089
Capitalized software amortization expense (a)	$ 132	$ 136	$ 209	$ 192
Capitalized interest amortization expense (a)	$ —	$ 46	$ 77	$ 48

(a) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. In the period July 10, 2009 through December 31, 2009 we recorded incremental depreciation and amortization of approximately $20 million. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion, $0.8 billion and $0.2 billion in the period January 1, 2009 through July 9, 2009 and the years ended 2008 and 2007.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 12. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor			
	GMNA	GME	GMIO	Total
Balance at July 10, 2009 (a)	$26,348	$3,262	$854	$30,464
Goodwill acquired	61	—	—	61
Effect of foreign currency translation on goodwill	—	73	87	160
Goodwill included in Assets held for sale	—	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	928	30,672
Accumulated impairment charges	—	—	—	—
Goodwill	$26,409	$3,335	$928	$30,672

	Predecessor			
	GMNA	GME	GMIO	Total
Balance at January 1, 2008	$ 173	$ 563	$ —	$ 736
Accumulated impairment charges	—	—	—	—
Goodwill	173	563	—	736
Effect of foreign currency translation on goodwill	(19)	(107)	—	(126)
Impairment charges (b)	(154)	(456)	—	(610)
Balance at December 31, 2008	154	456	—	610
Accumulated impairment charges	(154)	(456)	—	(610)
Goodwill	$ —	$ —	$ —	$ —

(a) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets. None of the goodwill from this transaction is deductible for tax purposes.

(b) Goodwill impairment charges of $154 million and $456 million were recorded at GMNA and GME in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Refer to Note 25 for additional information on Old GM's impairment charges related to Goodwill in 2008. We had no goodwill during the period January 1, 2009 to July 9, 2009.

In the three months ended December 31, 2009 we performed our annual goodwill impairment analysis of our reporting units as of October 1, 2009, which resulted in no goodwill impairment charges. In addition, during the three months ended December 31, 2009, we determined that certain additional events and circumstances related to certain reporting units had changed such that interim goodwill impairment tests were necessary as of December 31, 2009. For our GME reporting unit, these changes related to our decision to retain sole ownership of our GME reporting unit and the additional restructuring actions necessary and expected higher overhead costs due to decisions to delay or cancel certain previously planned facility closures. For other identified reporting units in GMIO, the changes related to deterioration in expected future operating results from those anticipated in our annual impairment analysis. The results of this testing indicated that goodwill was not impaired for any of the reporting units tested.

Refer to Note 25 for additional information on goodwill impairments in prior periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 13. Intangible Assets, net

The following table summarizes the components of amortizable intangible assets (dollars in millions):

	Successor				Predecessor			
	December 31, 2009				December 31, 2008			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property (a)	4	$ 7,916	$ 1,460	$ 6,456	8	$ 598	$ 333	$ 265
Brands	38	5,508	72	5,436	—	—	—	—
Dealer network and customer relationships	21	2,205	67	2,138	—	—	—	—
Favorable contracts	24	542	39	503	—	—	—	—
Other	3	17	3	14	—	—	—	—
Total amortizable intangible assets	20	$16,188	$ 1,641	$14,547	8	$ 598	$ 333	$ 265

(a) Technology and intellectual property includes nonamortizing in-process research and development of $175 million at December 31, 2009.

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Amortization expense related to intangible assets (a)	$ 1,584	$ 44	$ 83	$ 74

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 25 for additional information related to the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2010	$ 2,550
2011	$ 1,785
2012	$ 1,560
2013	$ 1,227
2014	$ 610

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 14. Restricted Cash

Cash subject to contractual restrictions and not readily available is classified as restricted cash. Funds held in the UST Credit Agreement and Canadian Health Care Trust (HCT) escrow accounts are invested in government securities and money market funds in accordance with the terms of the escrow agreements. The following table summarizes the components of restricted cash (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Current		
UST Credit Agreement (a)	$ 12,475	$ —
Canadian Health Care Trust (b)	955	—
Receivables Program (c)	187	—
Securitization trusts	191	450
Pre-funding disbursements	94	222
Other (d)	15	—
Total current restricted cash	13,917	672
Non-current		
Collateral for insurance related activities	658	679
Other non-current (d)	831	1,238
Total restricted cash	$ 15,406	$ 2,589

(a) Under the terms of the UST Credit Agreement funds are held in escrow and will be distributed to us at our request if certain conditions are met. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. Upon repayment of the UST Loans and Canadian Loan any funds remaining in escrow will be returned to us. Refer to Notes 2 and 18 for additional information on the UST Credit Agreement.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund its healthcare obligations.

(c) In March 2009 the UST announced that it will provide financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us (Receivables Program). Under the terms of the Receivables Program, the use of funds is limited to purchasing receivables from suppliers that have elected to participate in the program. This program will terminate in accordance with its terms in April 2010. Refer to Note 18 for additional information on the Receivables Program.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Note 15. Other Assets

The following table summarizes the components of Other assets (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Investment in GMAC (a)	$ 1,635	$ 43
Taxes other than income taxes	297	612
Derivative assets	44	583
Other	546	892
Total other assets	$ 2,522	$ 2,130

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) December 31, 2009 balance includes the investment in GMAC common stock of $970 million, which prior to June 30, 2009 was accounted for by Old GM as an equity method investment and recorded in Equity of net assets of nonconsolidated affiliates. The December 31, 2009 balance also includes the investment in GMAC preferred stock with a carrying amount of $665 million and a fair value of $989 million. Refer to Note 10 for additional information on the investment in GMAC.

Note 16. Variable Interest Entities

Consolidated VIEs

VIEs that were consolidated because we or Old GM were the primary beneficiary primarily included: (1) previously divested and current suppliers for which we or Old GM made significant guarantees or provided financial support; (2) the Receivables Program; (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which residual guarantees were provided; and (5) an entity which managed certain private equity investments held by our and Old GM's pension plans and previously held by our and Old GM's OPEB plans, along with six associated general partner entities. Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit, in which we or Old GM could be held liable for certain of the VIE's obligations.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. As the consolidation date occurred near the end of the reporting period, the consolidation was based on estimates of the fair values for all assets and liabilities acquired. Based on Old GM's estimates, the equity interests it held and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plant, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. We completed our purchase price accounting for CAMI at July 10, 2009 and determined that the amounts estimated as of the initial consolidation date of March 1, 2009 did not require adjustment. Supplemental pro forma information is omitted as the effect is immaterial. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki for $100 million increasing our ownership interest from 50% to 100%. Subsequent to this acquisition, CAMI became a wholly-owned subsidiary and is not included in the tabular disclosures below.

Receivables Program

We determined that the Receivables Program was a VIE. We also determined that we are the primary beneficiary because we are the only party to the Receivables Program with equity at risk, we have a greater risk of loss than the UST and we are more closely related to the Receivables Program as its primary purpose is to support our supply base, thereby helping ensure that our production needs are met.

In December 2009 we announced the termination of the Receivables Program in April 2010. Upon termination, we will share any residual capital in the program equally with the UST. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. We do not anticipate making any additional equity contributions. Refer to Note 18 for additional information on the Receivables Program.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the carrying amount of consolidated VIE assets and liabilities (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Assets:		
Cash and cash equivalents	$ 15	$ 22
Accounts and notes receivable, net	14	15
Inventory	15	—
Other current assets	—	—
Property, net	5	71
Restricted cash	191	—
Other assets	33	28
Total assets	$ 273	$ 136
Liabilities:		
Accounts payable (principally trade)	$ 17	$ 6
Short-term borrowings and current portion of long-term debt	205	105
Accrued expenses	10	20
Other liabilities	23	15
Total liabilities	$ 255	$ 146

The following table summarizes the amounts recorded in earnings related to consolidated VIEs (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales	$ 24	$ 14	$ 8
Other revenue	17	17	32
Cost of sales	8	(1)	5
Selling, general administrative expense	8	5	(11)
Other expenses, net	9	10	19
Interest expense	14	22	—
Reorganization losses (gains), net	—	26	—
Income tax expense	1	—	—
Net income (loss)	$ 1	$ (31)	$ 27

Nonconsolidated VIEs

VIEs that were not consolidated because we or Old GM were not the primary beneficiary primarily included: (1) troubled suppliers for which guarantees were made or financial support was provided; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (3) leasing entities for which residual value guarantees were made; and (4) GMAC.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we and Old GM provided include, but are not limited to: (1) funding in the form of a loan from us or Old GM; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price

Table of Contents

increases or change in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs was generally limited to the amount of accounts and notes receivable recorded with the suppliers and any related guarantees.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. These joint ventures were self-funded and financed with no contractual terms that would require future financial support to be provided. The maximum exposure to loss is limited to the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates.

American Axle

In September 2009 we paid $110 million to American Axle and Manufacturing Holdings, Inc. (American Axle), a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquired warrants to purchase 4 million shares of American Axle's common stock. This payment was made in response to the liquidity needs of American Axle and our desire to modify the terms of our ongoing commercial arrangement. Under the new agreement, we also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which exposes us to possible future losses depending on the financial performance of American Axle. At December 31, 2009 no amounts were outstanding under the second lien term loan. At December 31, 2009 our maximum exposure to loss related to American Axle was $125 million, which represented the fair value of the warrants of $25 million recorded in Non-current assets and the potential exposure of $100 million related to the second lien term loan facility.

GMAC

In the three months ended December 31, 2008, GMAC engaged in or agreed to several transactions, including an exchange and cash tender offers to purchase and/or exchange certain of its and its subsidiaries' outstanding notes for new notes and 9% Cumulative Perpetual Preferred Stock, the issuance of Series D-2 Fixed Rate Cumulative Perpetual Preferred Membership Interests to the UST, the conversion of the Participation Agreement to Common Membership Interests, and the issuance of additional Common Membership Interests to Old GM. As a result of these changes to GMAC's capital structure, Old GM was required to reconsider its previous conclusion that GMAC was a voting interest entity and it did not hold a controlling financial interest in GMAC. As part of Old GM's qualitative and quantitative analyses, Old GM determined that GMAC was a VIE as it did not have sufficient equity at risk. Old GM also determined that a related party group, as that term is defined in ASC 810-10, existed between Old GM and the UST under the de facto agency provisions of ASC 810-10. However, Old GM determined based on both qualitative and quantitative analysis that the related party group to which it belonged did not absorb the majority of GMAC's expected losses or residual returns and therefore no member of the related party group was the primary beneficiary of GMAC. Accordingly Old GM did not consolidate GMAC at December 31, 2008.

Old GM's quantitative analysis was performed using a Black-Scholes model to compute the price of purchasing a hypothetical put on GMAC's net assets exclusive of variable interests to estimate expected losses of the variable interests of GMAC. The same Black-Scholes model was used to estimate the expected losses allocated to each of the individual variable interests identified in GMAC's capital structure. Significant estimates, assumptions, and judgments used in Old GM's analysis included that the outstanding unsecured debt of GMAC was a variable interest in GMAC because it was trading at a sufficient discount to face value to indicate that it was absorbing a significant portion of GMAC's expected losses and receiving a portion of its expected returns; that the expected return on GMAC's net assets exclusive of variable interests were normally distributed with a mean return equal to the risk-free rate of return and an expected volatility of approximately 22%; estimates of the fair value of each of GMAC's variable interests and other components of its the capital structure; and estimates of the expected outstanding term of each of GMAC's non-perpetual variable

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

interests, which Old GM estimated to have a weighted average term of approximately 5 years. Other qualitative considerations included the fact that Old GM was required to reduce its common investment in GMAC to below 10% within three years, had no voting members on the GMAC Board of Managers, and under other contractual provisions, could not attempt to influence the operations of GMAC or the manner in which its Common Membership Interests were voted.

In connection with GMAC's conversion to a C corporation on June 30, 2009, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stock in connection with the 363 Sale.

In December 2009, the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities in aggregate liquidation amount of $2.5 billion and mandatory convertible preferred securities in aggregate liquidation amount of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities with an aggregate liquidation preference of $5.3 billion. In addition, the UST converted mandatory convertible preferred securities with an aggregate liquidation preference of $3.0 billion into GMAC common stock. After these actions, we and the UST owned 16.6% and 56.3% of GMAC's common stock. The UST also owns preferred stock of GMAC with a liquidation value of $11.4 billion, and we own preferred stock with a liquidation value of $1.0 billion. This transaction constituted a reconsideration event and we determined that GMAC continued to be a VIE as it does not have sufficient equity at risk. Although the related party group to which we and the UST belong absorbs a majority of the expected losses, we are not the primary beneficiary because the UST absorbs more expected losses than us, we were not involved in the redesign of GMAC, and we are controlled by the UST. Furthermore, we do not believe we will be the primary beneficiary upon adoption of modifications of ASC 810-10, effective January 1, 2010, because we lack the power through voting or similar rights to direct those activities of GMAC that most significantly affect its economic performance. As a result of previous agreements Old GM entered into during GMAC's approval process to obtain Bank Holding Company status and whose terms and conditions we assumed in connection with the 363 Sale, we do not have significant influence over GMAC. Our principal variable interests in GMAC are our investments in GMAC preferred and common stock. Refer to Notes 10 and 30 for additional information on our investment in GMAC, our significant agreements with GMAC and our maximum exposure under those agreements.

The following table summarizes the amounts recorded for nonconsolidated VIEs, and the related off-balance sheet guarantees and maximum exposure to loss, excluding GMAC (dollars in millions):

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
	Carrying Amount	Maximum Exposure to Loss(a)	Carrying Amount	Maximum Exposure to Loss(b)
Assets:				
Accounts and notes receivable, net	$ 8	$ 8	$ 10	$ 10
Investment in nonconsolidated affiliates	96	50	40	40
Other assets	26	26	6	6
Total assets	$ 130	$ 84	$ 56	$ 56
Liabilities:				
Accrued expenses	—	—	11	—
Total liabilities	$ —	$ —	$ 11	$ —
Off-Balance Sheet:				
Residual value guarantees		32		79
Other guarantees		4		5
Other liquidity arrangements (c)		115		—
Total guarantees and liquidity arrangements		$ 151		$ 84

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Amounts at December 31, 2009 included $139 million related to troubled suppliers.

(b) Amounts at December 31, 2008 included $21 million related to troubled suppliers.

(c) Amount includes second lien term loan facility provided to American Axle of $100 million and other loan commitments of $15 million.

Note 17. Accrued Expenses, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued expenses, other liabilities and deferred income taxes:

	Successor December 31, 2009	Predecessor December 31, 2008
Current		
Dealer and customer allowances, claims and discounts	$ 6,444	$ 8,939
Deposits from rental car companies	4,583	6,142
Deferred revenue	892	1,493
Policy, product warranty and recall campaigns	2,965	3,792
Delphi liability	—	150
Payrolls and employee benefits excluding postemployment benefits	1,325	1,591
Insurance reserves	243	388
Taxes (other than income taxes)	1,031	1,312
Derivative liability	568	2,726
Postemployment benefits including facility idling reserves	985	1,727
Interest	142	779
Pensions	430	430
Income taxes	219	186
Deferred income taxes	57	87
Other	2,404	2,685
Total accrued expenses	$ 22,288	$ 32,427
Noncurrent		
Dealer and customer allowances, claims and discounts	$ 1,311	$ 1,578
Deferred revenue	480	1,265
Policy, product warranty and recall campaigns	4,065	4,699
Delphi liability	—	1,570
Payrolls and employee benefits excluding postemployment benefits	1,818	2,314
Insurance reserves	269	1,324
Derivative liability	146	817
Postemployment benefits including facility idling reserves	1,944	1,626
Income taxes	944	430
Deferred income taxes	807	563
Other	1,495	1,206
Total other liabilities and deferred income taxes	$ 13,279	$ 17,392

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	1,598	1,069	4,277
Payments	(2,232)	(1,851)	(5,068)
Adjustments to pre-existing warranties	291	(153)	294
Effect of foreign currency translation	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	(77)	—
Ending balance	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

In March 2009 the U.S. government announced that it would create a warranty program to pay for repairs covered by Old GM's warranty on each new vehicle sold in the U.S. and Mexico during Old GM's restructuring period. In May 2009 pursuant to the terms of the warranty program, Old GM and the UST contributed $410 million to fund the program. Old GM contributed $49 million in cash. The UST contributed the remaining required cash as part of a $361 million loan. On July 10, 2009 in connection with the 363 Sale, we assumed the obligations of the warranty program and entered into the UST Credit Agreement assuming debt of $7.1 billion, which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment of $361 million due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans balance to $6.7 billion. The original estimate of the warranty period was March 30, 2009 through July 31, 2009, which was based on a requirement that the UST approve the termination of the warranty program prior to July 31, 2009. The UST allowed repayment of the full amount of the $361 million loan on July 10, 2009 effectively terminating the warranty program. Subsequently, the cash contribution of $49 million and interest earned to date were repaid to us from the warranty program.

Note 18. Short-Term and Long-Term Debt

Short-Term Debt and Current Portion of Long-Term Debt

The following table summarizes the components of short-term debt (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
UST Loans	$ 5,712	$ —
UST Loan Facility (a)	—	3,836
Canadian Loan	1,233	—
Short-term debt — third parties	1,475	2,567
Short-term debt — related parties (b)	1,077	2,067
Current portion of long-term debt (c)	724	8,450
Total short-term debt	$ 10,221	$ 16,920
Available under short-term line of credit agreements (d)	$ 220	$ 186
Interest rate range on outstanding short-term debt (e)	0.0 – 19.0%	0.0 – 28.0%
Weighted-average interest rate on outstanding short-term debt (f)	6.5%	5.6%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) UST Loan Facility (as subsequently defined) is net of a $913 million discount which is comprised of $749 million for the UST Additional Note (as subsequently defined) and $164 million for the fair value of the warrants issued in connection with the loans under the UST Loan Agreement. At May 31, 2009 the carrying amount of the debt was accreted to the full face value of the UST Loan Facility and the UST Additional Note with the discount charged to Interest expense.

(b) Primarily dealer financing from GMAC for dealerships we own and Old GM owned.

(c) Amounts owed at December 31, 2009 include various secured and unsecured debt instruments. Amounts owed at December 31, 2008 include a secured revolving credit facility of $4.5 billion and a U.S. term loan of $1.5 billion.

(d) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees are insignificant.

(e) Includes zero coupon debt.

(f) Includes coupon rates on debt denominated in various foreign currencies. At December 31, 2009 the weighted average effective interest rate on outstanding short-term debt was 8.0%.

Long-term debt

The following table summarizes the components of long-term debt (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
U.S. dollar denominated bonds	$ —	$ 14,882
VEBA Notes	2,825	—
Contingent convertible debt	—	7,339
Foreign currency denominated bonds	—	4,375
Other long-term debt (a)	3,461	10,841
Total debt	6,286	37,437
Less current portion of long-term debt	(724)	(8,450)
Fair value adjustment (b)	—	31
Total long-term debt	$ 5,562	$ 29,018
Available under long-term line of credit agreements (c)	$ 398	$ 457

(a) Old GM amounts include a secured revolving credit facility of $4.5 billion and a U.S. term loan of $1.5 billion, which are included in the current portion of long-term debt.

(b) To adjust hedged fixed rate debt for fair value changes attributable to the hedged risk. Refer to Note 20 for additional information on fair value hedges.

(c) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for theses commitment fees are insignificant.

GM

UST Loans and VEBA Notes

Old GM received total proceeds of $19.4 billion ($15.4 billion subsequent to January 1, 2009) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, $12.5 billion remained deposited in escrow at December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Amounts remaining in the escrow account will be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan on a pro rata basis. Upon repayment of the UST Loans and Canadian Loan any funds in escrow will be returned to us. The UST Loans and Canadian Loan have been classified as short-term debt based on these terms.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed amendments to the UST Credit Agreement and Canadian Loan Agreement to provide for quarterly repayments of our UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC. In December 2009 we made a payment on the UST Loans of $1.0 billion.

The UST Loans accrue interest equal to the greater of the three month LIBOR rate or 2.0%, plus 5.0%, per annum, unless the UST determines that reasonable means do not exist to ascertain the LIBOR rate or that the LIBOR rate will not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate will be the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We are required to prepay the UST Loans on a pro rata basis (between the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We may also voluntarily repay the UST Loans in whole or in part at any time. Once repaid, amounts borrowed under the UST Credit Agreement may not be reborrowed. At December 31, 2009 the UST Loans accrued interest at 7.0%.

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion. The VEBA Notes have an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest are scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015, and 2017. The VEBA Notes are considered outstanding debt on December 31, 2009 due to the settlement of the UAW hourly retiree medical plan pursuant to the 2009 Revised UAW Settlement Agreement and were recorded at their fair value of $2.8 billion, a premium of $325 million to the face value. We determined the fair value of the VEBA Notes based on market information for similar instruments. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

The obligations under the UST Credit Agreement and the VEBA Note Agreement are secured by substantially all of our assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

The UST Credit Agreement and the VEBA Note Agreement contain various representations and warranties that we made on the effective date and, with respect to the UST Credit Agreement, we will be required to make on certain other dates. The UST Credit Agreement and the VEBA Note Agreement also contain various affirmative covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. The affirmative covenants impose obligations on us with respect to, among other things:

- Financial and other reporting to the UST, including periodic confirmation of compliance with certain expense policies;
- Executive privileges and compensation requirements;
- Corporate existence;
- Preservation of the collateral and other property subject to the UST Credit Agreement and VEBA Note Agreement;
- Payment of taxes; and
- Compliance with certain laws.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition, the affirmative covenants include a vitality commitment, which requires us to use our commercially reasonable best efforts, subject to certain considerations and exceptions, to ensure that the volume of manufacturing conducted in the United States is at least 90% of the level contemplated in our business plan provided to the UST in July 2009. The vitality commitment is in effect until the later of December 31, 2014 or the date the UST Loans are repaid in full. In addition, certain covenants such as periodic confirmation of compliance with certain expense policies, executive privileges and compensation requirements are in effect until the UST ceases to own direct or indirect equity interests in us and the UST Loans are paid in full.

The negative covenants in the UST Credit Agreement and the VEBA Note Agreement restrict us with respect to, among other things, fundamental changes, liens, restricted payments and restrictions on subsidiary distributions, amendments or waivers of certain documents, negative pledge clauses, use of proceeds from sales of assets and indebtedness.

The UST Credit Agreement and the VEBA Note Agreement contain restrictions on our ability to incur additional indebtedness, including indebtedness secured by a first-priority lien on certain of our assets. The following table summarizes the restrictions to incur additional indebtedness (with certain exceptions):

- Secured indebtedness entered into after July 10, 2009 is limited to $6.0 billion provided that the aggregate amount of commitments under any secured revolving credit facilities shall not exceed $4.0 billion. Secured indebtedness exceeding these amounts is subject to an incurrence test under which total debt divided by 12 month trailing EBITDA cannot exceed 3:1 and also triggers repayments of 50% of the amount borrowed;

- Unsecured indebtedness entered into after July 10, 2009 is limited to $1.0 billion and triggers repayments of 50% of the amount borrowed. Unsecured indebtedness in excess of $1.0 billion is subject to the incurrence test previously described; and

- The aggregate principal amount of capital lease obligations and purchase money indebtedness shall not exceed $2.0 billion.

At December 31, 2009 we were significantly below all restrictions previously described.

In addition if such indebtedness is to be secured by a first-priority lien on certain of our assets, the obligations under the UST Credit Agreement and the VEBA Note Agreement will be restructured to be secured by a second-priority lien on any such assets.

The UST Credit Agreement and the VEBA Note Agreement also contain various events of default (including cross-default provisions) that entitle the UST or the New VEBA to accelerate the repayment of the UST Loans and the VEBA Notes upon the occurrence and continuation of an event of default. In addition, upon the occurrence and continuation of any event of default, interest under the UST Credit Agreement accrues at a rate per annum equal to 2.0% plus the interest rate otherwise applicable to the UST Loans and the implied interest rate on the VEBA Notes increases to a rate equal to 11.0% per annum, compounded annually. The events of default relate to, among other things:

- Our failure to pay principal or interest on the UST Loans or to make payments on the VEBA Notes;

- Certain of our domestic subsidiaries' failure to pay on their guarantees;

- The failure to pay other amounts due under the loan documents or the secured note documents;

- The failure to perform the covenants in the loan documents or the secured note documents;

- The representations and warranties in the UST Credit Agreement or the VEBA Note Agreement being false or misleading in any material respect;

- Undischarged judgments in excess of $100 million;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Certain bankruptcy events;
- The termination of any loan documents or secured note documents;
- The invalidity of security interests in our assets;
- Certain prohibited transactions under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control without the permission of the UST;
- A default under the Canadian Loan Agreement other than the vitality commitment; and
- A default under other indebtedness if the default, including a default of the vitality commitment under the Canadian Loan Agreement, results in the holder accelerating the maturity of indebtedness in excess of $100 million in the aggregate.

The following table summarizes interest expense and interest paid on the UST Loans (dollars in millions):

	Successor
	July 10, 2009 Through December 31, 2009
Interest expense	$ 226
Interest paid	$ 137

Canadian Loan Agreement

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. The Canadian Loan accrues interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest is payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

As discussed previously, we signed an amendment to the Canadian Loan Agreement and in December 2009 we made a payment on the Canadian Loan of $192 million.

GMCL may voluntarily repay the Canadian Loan in whole or in part at any time. Once repaid, GMCL cannot reborrow under the Canadian Loan Agreement. We and 1908 Holdings Ltd., Parkwood Holdings Ltd., and GM Overseas Funding LLC, each of which is a Subsidiary Guarantor of GMCL, have guaranteed the Canadian Loan. Our guarantee of GMCL's obligations under the Canadian Loan Agreement is secured by a lien on the equity of GMCL. Because 65% of our ownership interest in GMCL was previously pledged to secure the obligations under the UST Credit Agreement and the VEBA Note Agreement, EDC received a first priority lien on 35% of our equity interest in GMCL and a second priority lien on the remaining 65%. With certain exceptions, GMCL's obligations under the Canadian Loan Agreement are secured by a first lien on substantially all of its and the Subsidiary Guarantors' assets, including GMCL's ownership interests in the Subsidiary Guarantors and a portion of GMCL's equity interests in General Motors Product Services Inc., a subsidiary of ours.

The Canadian Loan Agreement contains various representations and warranties GMCL and the Subsidiary Guarantors made on the effective date. The Canadian Loan Agreement also contains various affirmative covenants requiring GMCL and the Subsidiary Guarantors to take certain actions and negative covenants restricting the ability of GMCL and the Subsidiary Guarantors to take certain actions. The affirmative covenants impose obligations on GMCL and the Subsidiary Guarantors with respect to, among other things, financial and other reporting to EDC, reporting on and preservation of the collateral pledged in connection with the Canadian Loan Agreement, executive privileges and compensation, restrictions on expenses and compliance with applicable laws. In addition,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL has committed, among other things, to meet certain capital and research and development investment levels, and to produce a certain percentage (based on North American and/or total United States and Canada production levels) of vehicles and vehicle components in Canada until the later of the date that the amounts outstanding under the Canadian Loan Agreement are paid in full or December 31, 2016.

The negative covenants and various events of default in the Canadian Loan Agreement are substantially similar to the negative covenants under the UST Credit Agreement and the VEBA Note Agreement, as applicable to GMCL and the Subsidiary Guarantors, and also require GMCL to maintain certain minimum levels of unrestricted cash and cash equivalents and address specific requirements with respect to pension and compensation matters.

The following table summarizes interest expense and interest paid on the Canadian Loan (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Interest expense	$ 46
Interest paid	$ 46

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. On November 24, 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Interest expense (a)	$ 32
Interest paid	$ 37

(a) Old GM recorded interest expense of $5 million in the period January 1, 2009 through July 9, 2009.

Other Long-Term Debt

Other long-term debt of $3.5 billion (net of a $1.6 billion discount) at December 31, 2009 is comprised of unsecured debt of $1.2 billion, secured debt of $1.6 billion, and capital leases of $693 million. The weighted average coupon rate of other long-term debt was 5.8% at December 31, 2009.

In connection with the purchase of the noncontrolling interest in CAMI, we recorded a loss on extinguishment of debt of $101 million related to the repayment of secured long-term debt of $400 million in the period July 10, 2009 through December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-Term Debt Maturities

The following table summarizes long-term debt maturities including capital leases at December 31, 2009 (dollars in millions):

	Debt Maturities
2010	$ 750
2011	$ 445
2012	$ 645
2013	$ 737
2014	$ 125
Thereafter	$ 5,320

At December 31, 2009 future interest payments on capital lease obligations was $687 million.

Receivables Program

The Receivables Program was developed in March 2009 to provide liquidity and access to credit to automotive suppliers by guaranteeing or purchasing certain receivables we owe or Old GM owed. Amounts borrowed from the UST and used to pay suppliers are recorded in Short-term debt with a corresponding decrease in Accounts payable or Accrued expenses. We are and Old GM was responsible for paying interest on any loans the UST provided at an annual rate of LIBOR plus 3.5%, with a minimum of 5.5%, and for paying administrative fees of 25 basis points per annum of the average daily program balance to a third party administrator. A termination fee of 4.0% of the outstanding commitment is due to the UST upon expiration or termination of the Receivables Program. We will share any residual capital in the program equally with the UST. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program.

The following table summarizes interest expense related to the Receivables Program, including amortization of related discounts (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Amortization of loan discount related to termination fee	$ 3	$ 21
Interest expense	12	1
Total interest expense	$ 15	$ 22

Technical Defaults and Covenant Violations

Several of our loan facilities include clauses that may be breached by a change in control, a bankruptcy or failure to maintain certain financial metric limits. The Chapter 11 proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we have assumed the obligation. A potential breach in another loan was addressed before default with a waiver we obtained from the lender subject to renegotiation of the terms of the facility. We successfully concluded the renegotiation of these terms in September 2009. In October 2009 we repaid one of the loans in the amount of $17 million as a remedy to the default. The total amount of the two remaining loan facilities in technical default for these reasons at December 31, 2009 was $206 million. We continue to negotiate with the lenders to obtain waivers or reach settlements to cure these defaults. We have classified these loans as short-term debt at December 31, 2009.

Two of our loan facilities had financial covenant violations at December 31, 2009 related to exceeding financial ratios limiting the amount of debt held by the subsidiaries. One of these violations was cured within the 30 day cure period through the combination of an equity injection and the capitalization of intercompany loans. The $72 million related to our powertrain subsidiary in Italy remains in default and we continue negotiations with its lenders to cure the default.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Covenants in our UST Credit Agreement, VEBA Note Agreement, Canadian Loan Agreement and other agreements require us to provide our consolidated financial statements by March 31, 2010. We received waivers of this requirement for the agreements with the UST, New VEBA and EDC. We also provided notice to and requested waivers related to three lease facilities. The filing of our 2009 10-K and our Quarterly Report on Form 10-Q for the period ended September 30, 2009 within the automatic 90 day cure period will satisfy the requirements under these lease facility agreements.

Old GM

United States Department of the Treasury Loan Facility

On December 31, 2008 Old GM entered into the UST Loan Agreement pursuant to which the UST agreed to provide Old GM with the UST Loan Facility and as a result received total proceeds of $19.4 billion ($15.4 billion in the period January 1, 2009 through July 9, 2009). In addition Old GM issued a promissory note to the UST in the amount of $749 million (UST Additional Note) for no additional consideration.

In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

In connection with the 363 Sale, amounts borrowed under the UST Loan Agreement and the DIP Facility, excluding the UST Loans of $7.1 billion that we assumed, were converted into our equity. The UST Additional Note was also converted into our equity.

The following table summarizes interest expense and interest paid on the UST Loan Facility and the DIP Facility, including amortization of related discounts (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest expense	$ 4,006	$ —
Interest paid	$ 144	$ —

Refer to Note 2 for additional information on the Chapter 11 Proceedings and the 363 Sale.

Export Development Canada Loan Facility

In April 2009 Old GM entered into the EDC Loan Facility pursuant to which Old GM received total proceeds of $2.4 billion in the period January 1, 2009 through July 9, 2009. In the period January 1, 2009 through July 9, 2009 Old GM also issued promissory notes to the EDC in the amount of $161 million for no additional consideration. In connection with the Chapter 11 Proceedings and the 363 Sale, amounts borrowed under these agreements were converted into our equity.

The following table summarizes interest expense and interest paid on amounts borrowed under these agreements, including amortization of related discounts (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest expense	$ 173
Interest paid	$ 6

Refer to Note 2 for additional information on the Chapter 11 Proceedings and the 363 Sale.

Table of Contents

German Revolving Bridge Facility

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest expense	$ 5
Interest paid	$ —

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In connection with the preparation of Old GM's consolidated financial statements for the year ended 2008, Old GM concluded there was substantial doubt about its ability to continue as a going concern and its independent auditors included a statement in their audit report related to the existence of substantial doubt about its ability to continue as a going concern. Because Old GM's auditors included such a statement in their audit report, Old GM would have been in violation of the debt covenants for the $4.5 billion secured revolving credit facility, the $1.5 billion U.S. term loan and the $125 million secured credit facility and Old GM therefore secured amendments and waivers related to those obligations as subsequently discussed.

In February 2009 Old GM entered into an agreement to amend its $4.5 billion secured revolving credit facility. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default interest rates, and cross-default provisions to the UST Loan Facility. Old GM accounted for the amendment as a debt modification and therefore capitalized the additional fees paid to acquire the amendment. The additional fees were amortized through the date of extinguishment.

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default rates, and cross-default provisions to the UST Loan Facility. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the three months ended March 31, 2009.

In February 2009 Old GM entered into an agreement to amend its $125 million secured credit facility. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default rates, cross-default provisions to the UST Loan Facility, and an extension of the maturity date to November 2010. As a result of the terms of the amendment, Old GM accounted for the amendment as a troubled debt restructuring and therefore amortized the outstanding debt balance using the revised effective interest rate calculated in accordance with the new loan terms through the date of extinguishment.

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Lease Asset Securitization

Old GM held bankruptcy-remote SPEs that are parties to lease asset securitizations. The secured debt of $1.2 billion at December 31, 2008 was primarily comprised of the asset-backed debt securities issued by these SPEs. Amounts are included in the current portion of long-term debt.

Table of Contents

Contingent Convertible Debt

The following table summarizes Old GM's unsecured contingent convertible debt (dollars in millions, except conversion price):

	Due	Conversion Price	Outstanding Amount December 31, 2008
4.50% Series A debentures	2032	$ 70.20	$ 39
5.25% Series B debentures	2032	$ 64.90	2,384
6.25% Series C debentures	2033	$ 47.62	3,940
1.50% Series D debentures	2009	$ 40.11	976
			$ 7,339

Old GM had unilaterally and irrevocably waived and relinquished the right to use common stock, and had committed to use cash to settle the principal amount of the debentures if: (1) holders chose to convert the debentures; or (2) Old GM was required by holders to repurchase the debentures. Old GM retained the right to use either cash or its common stock to settle any amount that may become due to debt holders in excess of the principal amount. In connection with the 363 Sale, MLC retained the contingent convertible debt.

At December 31, 2008 the number of shares on which the aggregate consideration to be delivered upon conversion would have been determined for the Series A, Series B, Series C and Series D debentures was 1 million, 40 million, 90 million and 25 million.

In connection with the issuance of the Series D debentures, Old GM purchased a capped call option for the Series D debentures in a private transaction, pursuant to which Old GM had the right to purchase 5 million of Old GM's shares from a third party. Exercise of the capped call option was expected to reduce the potential dilution with respect to Old GM's common stock upon conversion of the Series D debentures to the extent that the market value per share of Old GM's common stock did not exceed a specified cap, resulting in an effective conversion price of $45.71 per share. In connection with the 363 Sale, MLC retained both the Series D debentures which matured on June 1, 2009 and the capped call option.

In September 2008 Old GM entered into agreements with a qualified institutional holder of the Series D debentures. Pursuant to these agreements, Old GM issued an aggregate of 44 million shares of common stock in exchange for $498 million principal amount of the Series D debentures. In accordance with the agreements, the amount of common stock exchanged for the Series D debentures was based on the daily volume weighted-average price of Old GM's common stock on the New York Stock Exchange in the contractual three and four day pricing periods. Old GM entered into the agreements, in part, to reduce Old GM's debt and interest costs, increase Old GM's equity, and thereby, improve Old GM's liquidity. Old GM did not receive any cash proceeds from the exchange of the common stock for the Series D debentures, which were retired and cancelled. As a result of this exchange, Old GM recorded a settlement gain of $43 million.

Old GM adopted the provisions of ASC 470-20 in January 2009, with retrospective application to prior periods. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. Refer to Note 3 for additional information on the adoption of ASC 470-20.

At December 31, 2008 the net carrying amount of the conversion feature for all contingent convertible debt outstanding recorded in Capital surplus was $734 million. At December 31, 2008 the principal amount of each note exceeded the if-converted value.

The following table summarizes the components of contingent convertible debt outstanding (dollars in millions):

	Predecessor December 31, 2008
Principal	$ 7,941
Unamortized discounts (a)	(602)
Outstanding balance	$ 7,339

(a) Discounts being amortized through the maturity dates or the initial put dates of the related debt, ranging from 2009 to 2018.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Interest accrued or paid (a)	$ 176	$ 427	$ 429
Amortization of discounts	51	136	107
Interest expense	$ 227	$ 563	$ 536

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

U.S. Dollar Denominated Bonds

U.S. dollar denominated bonds represented obligations having various annual coupons ranging from 6.75% to 9.45% and maturities ranging from 2011 to 2052. These bonds were unsecured. In connection with the 363 Sale, MLC retained the U.S. dollar denominated bonds.

Foreign Currency Denominated Bonds

Foreign currency denominated bonds were unsecured and included bonds denominated in Euros with annual coupons ranging from 7.25% to 8.375% and maturity dates ranging from 2013 to 2033. Also included within foreign currency denominated bonds were bonds denominated in British Pounds with annual coupons ranging from 8.375% to 8.875% and maturity dates ranging from 2015 to 2023. To mitigate the foreign currency exchange exposure created by these bonds, Old GM entered into cross currency swaps. The notional value of these swaps was $2.3 billion at December 31, 2008. In connection with the 363 Sale, MLC retained the foreign currency denominated bonds.

Other Long-Term Debt

Other long-term debt of $9.7 billion at December 31, 2008 was comprised of revolving credit agreements, a U.S. term loan, capital leases, municipal bonds, and other long-term obligations. In connection with the 363 Sale, we assumed certain capital lease obligations, municipal bonds, and other long-term obligations. MLC retained the remainder of the debt not assumed by us. Refer to Note 2 for additional information on other long-term debt we assumed in connection with the 363 Sale.

Revolving Credit Agreements

In August 2007 Old GM entered into a revolving credit agreement that provided for borrowings of up to $1.0 billion. The facility expired in June 2009. Borrowings under this facility bore interest based on either the commercial paper rate or LIBOR. The borrowings were to be used for general corporate purposes, including working capital needs. Under the facility, borrowings were limited to an amount based on the value of underlying collateral, which was comprised of residual interests in trusts that own leased vehicles and issued asset-backed securities collateralized by the vehicles and the associated leases. The underlying collateral was held by bankruptcy-remote SPEs and pledged to a trustee for the benefit of the lender. The underlying collateral supported a borrowing base of $323 million at December 31, 2008. Old GM consolidated the bankruptcy-remote SPEs and trusts. At December 31, 2008 $310 million was outstanding under this agreement, leaving $13 million available.

Old GM had a $4.5 billion standby revolving credit facility with a syndicate of banks, which was paid in full on June 30, 2009. At December 31, 2008 $4.5 billion was outstanding under this credit facility, with availability of $5 million. In addition to the outstanding amount at December 31, 2008 there were $10 million of letters of credit issued under the credit facility. Borrowings were

Table of Contents

limited to an amount based on the value of the underlying collateral, which was comprised of certain North American accounts receivable; certain inventory of Old GM, Saturn Corporation, and GMCL; certain facilities; property and equipment of GMCL; and a pledge of 65% of the stock of the holding company for Old GM's indirect subsidiary GM de Mexico. The carrying amount of these assets was $5.6 billion at December 31, 2008. The collateral also secured $155 million of certain lines of credit, automatic clearinghouse and overdraft arrangements and letters of credit provided by the same secured lenders. At December 31, 2008 in addition to the $10 million letters of credit issued under the revolving credit facility, $81 million was utilized to secure other facilities.

Interest Rate Risk Management

To achieve the desired balance between fixed and variable rate debt, Old GM entered into interest rate swaps. The notional amount of pay variable swap agreements at December 31, 2008 was $4.5 billion.

Additionally, Old GM entered into interest rate swaps and cap agreements at bankruptcy-remote subsidiaries. The notional amount of such agreements at December 31, 2008 was $469 million pay floating and the fixed interest rates ranged from 4.5% to 5.7%.

At December 31, 2008 long-term debt included obligations of $24.7 billion with fixed interest rates and obligations of $4.9 billion with variable interest rates (primarily LIBOR), after interest rate swap agreements.

Other

Contractual interest expense not accrued or recorded on pre-petition debt totaled $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Old GM had other financing arrangements consisting principally of obligations in connection with sale-leaseback transactions, derivative contracts and other lease obligations (including off-balance sheet arrangements). In view of the 2006 restatement of Old GM's prior financial statements, Old GM evaluated the effect of the restatement under these agreements, including its legal rights (such as its ability to cure) with respect to any claims that could be asserted. Based on Old GM's review, it was believed that amounts subject to possible claims of acceleration, termination or other remedies were not likely to exceed $3.6 billion (primarily comprised of off-balance sheet arrangements and derivative contracts) although no assurances can be given as to the likelihood, nature or amount of any claims that may be asserted. Based on this review, Old GM reclassified $187 million of these obligations from long-term debt to short-term debt at December 31, 2008.

Note 19. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly employees hired after October 15, 2007 participate in a defined benefit cash balance plan. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and salaried employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date. Refer to the subsequent section "Significant Plan Amendments, Benefit Modifications and Related Events" concerning changes to defined benefit pension plans for certain U.S. and Canadian hourly and salaried employees.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008 and reinstated by us in October 2009. A benefit contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date in or after January 1993 was discontinued effective in January 2010. A retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided for eligible U.S. salaried employees with a service commencement date in or after January 2001. Contributions are also made to certain non-U.S. defined contribution plans. There is also an unfunded nonqualified defined contribution savings plan covering certain U.S. executives that is based on contributions in excess of qualified plan limits.

U. S. hourly employees hired on or after October 15, 2007 are not eligible for postretirement health care. Such employees receive a $1.00 per compensated hour contribution into their personal saving plan account. The contributions are not significant.

The following table summarizes significant contributions to defined contribution plans (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
S-SPP	$ 39	$ 12	$ 128	$ 82
Non-U.S. defined contribution plans	61	58	169	153
Total contributions	$ 100	$ 70	$ 297	$ 235

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Refer to the subsequent section "Significant Plan Amendments, Benefit Modifications and Related Events" concerning changes to postretirement benefit plans for certain U.S. and Canadian hourly and salaried employees. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Significant Plan Amendments, Benefit Modifications and Related Events

2009

The following tables summarize the significant 2009 defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the earnings of Old GM in the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

Successor							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date(c)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (a)	U.S. hourly defined benefit pension plan	—	—	$ 58	$ —	$ —	$ (58)
Global salaried workforce reductions (a)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 Revised UAW Settlement Agreement — December 31	UAW hourly retiree medical plan	—	—	(22,236)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November 1 (b)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree health care plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August 1 (b)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$ (17,145)	$ —	$ (2,571)	$ (233)

(a) Reflects the effect on PBO. There was no remeasurement.

(b) Includes reclassification of contingent liability to benefit plan obligation.

(c) The increase/decrease includes the effect of the event, the gain or loss from remeasurement, net periodic benefit cost and benefit payments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Predecessor							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June 30	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$ (1,390)	$ —	$ (12)
Global salaried workforce reductions — June 1	U.S. salaried defined benefit pension plan	6.50%	6.50%	24	(327)	—	—
Global salaried workforce reductions — March 1	Canadian salaried defined benefit pension plan	6.75%	6.25%	15	(20)	—	—
U.S. salaried benefits changes — February 1	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June 1	U.S. salaried retiree health care program	6.80%	6.80%	(265)	—	—	—
2009 CAW Agreement — June 1	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June 1	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$ (442)	$ (1,644)	$ —	$ (38)

2009 Special Attrition Programs

In February and June 2009 Old GM announced the 2009 Special Attrition Programs for eligible UAW-represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment. In the period January 1, 2009 through July 9, 2009 Old GM recorded postemployment benefit charges for 13,000 employees. Refer to Note 24 for additional information on the postemployment benefit charges.

Old GM remeasured the U.S. hourly defined benefit pension plan in June 2009 based on the 7,800 irrevocable acceptances through that date as these acceptances to the 2009 Special Attrition Programs yielded a significant reduction in the expected future years of service of active participants. An additional 180 employees accepted the terms of the 2009 Special Attrition Programs in the period July 1, 2009 through July 9, 2009.

In the period July 10, 2009 through December 31, 2009 5,000 employees accepted the terms of the 2009 Special Attrition Programs. We recorded special termination benefit charges for 1,000 of those employees based upon their elections. Plan remeasurement was not required because the July 10, 2009 plan assumptions included the effects of special attrition programs.

Global Salaried Workforce Reductions

In February and June 2009 Old GM announced its intention to reduce global salaried headcount. In March 2009 Old GM remeasured the Canadian salaried defined benefit pension plan as part of this initiative based upon an estimated significant reduction in the expected future years of service of active participants. In June 2009 Old GM remeasured the U.S. salaried defined benefit pension plan based upon an estimated significant reduction in the expected future years of service of active participants.

The U.S. salaried employee reductions related to this initiative were to be accomplished primarily through the 2009 Salaried Window Program or through a severance program funded from operating cash flows. These programs were involuntary programs

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

subject to management approval where employees were permitted to express interest in retirement or separation, for which the charges for the 2009 Salaried Window Program were recorded as special termination benefits funded from the U.S. salaried defined benefit pension plan and other applicable retirement benefit plans. The cost associated with the total targeted headcount reductions expected under the programs was determined to be probable and estimable and severance charges of $250 million were recorded in the period January 1, 2009 through July 9, 2009. Refer to Note 24 for additional information on the severance accrual.

In the period July 10, 2009 through December 31, 2009 1,500 salaried employees irrevocably accepted the terms of the 2009 Salaried Window Program. We reduced the severance accrual previously recorded by Old GM by $64 million and recorded special termination benefits.

A net reduction of 9,000 salaried employees was achieved globally, excluding 2,000 salaried employees acquired with our acquisition of Nexteer and four domestic facilities. Global salaried headcount decreased from 73,000 salaried employees at December 31, 2008 to 66,000 at December 31, 2009, including a reduction of 5,500 U.S. salaried employees. Refer to Note 5 for additional information on the acquisition of Nexteer and four domestic facilities.

U.S. Salaried Benefits Changes

In February 2009 Old GM reduced salaried retiree life benefits for U.S. salaried employees and remeasured its U.S. salaried retiree life insurance plan. In June 2009 Old GM approved and communicated negative plan amendments associated with the U.S. salaried retiree health care program including reduced coverage and increases to cost sharing. The plan was remeasured in June 2009.

In June 2009 Old GM communicated additional changes in benefits for retired salaried employees including an acceleration and further reduction in retiree life insurance, elimination of the supplemental executive life insurance benefit, and reduction in the supplemental executive retirement plan. These plan changes were contingent on completion of the 363 Sale and the effects of these amendments were included in the fresh start remeasurements.

2009 Revised UAW Settlement Agreement

In May 2009 Old GM and the UAW agreed to a 2009 Revised UAW Settlement Agreement that related to the UAW hourly retiree medical plan and the 2008 UAW Settlement Agreement, as subsequently discussed, that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. The 2009 Revised UAW Settlement Agreement was subject to the successful completion of the 363 Sale and we and the UAW executed the 2009 Revised UAW Settlement Agreement on July 10, 2009 in connection with the 363 Sale. Details of the most significant changes to the agreement are:

- The Implementation Date changed from January 1, 2010 to the later of December 31, 2009 or the emergence from bankruptcy, which occurred on July 10, 2009;
- The timing of payments to the New VEBA changed as subsequently discussed;
- The form of consideration changed as subsequently discussed;
- The contribution of employer securities changed such that they were contributed directly to the New VEBA in connection with the 363 Sale on July 10, 2009;
- Certain coverages will be eliminated and certain cost sharing provisions will increase; and
- The flat monthly special lifetime pension benefit that was scheduled to commence on January 1, 2010 was eliminated.

There was no change to the timing of our existing internal Voluntary Employee Benefit Association (VEBA) asset transfer to the New VEBA in that the internal VEBA asset transfer occurred within 10 business days after December 31, 2009 in accordance with the terms of both the 2008 UAW Settlement Agreement and the 2009 Revised UAW Settlement Agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The new payment terms to the New VEBA under the 2009 Revised UAW Settlement Agreement are:

- VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion in July of 2013, 2015 and 2017;
- 260 million shares of our Series A Preferred Stock that accrues cumulative dividends at 9.0% per annum;
- 88 million shares (17.5%) of our common stock;
- A warrant to acquire 15 million shares (2.5%) of our common stock at $126.92 per share at any time prior to December 31, 2015;
- Two years funding of claims costs for certain individuals that elected to participate in the 2009 Special Attrition Programs; and
- The existing internal VEBA assets.

The modifications to the UAW Settlement Agreement and the new payment terms resulted in a reorganization gain of $7.7 billion. Refer to Note 2 for additional information on the reorganization gain.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 Revised UAW Settlement Agreement.

From July 10, 2009 to December 31, 2009 we recorded net periodic postretirement healthcare cost, including service cost for UAW hourly retiree medical plan participants working toward eligibility. After December 31, 2009 no service cost will be recorded for active UAW participants who continue to work toward eligibility in the New Plan.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan, under which we agreed that an independent VEBA would be formed to pay certain healthcare costs of UAW hourly retirees and their beneficiaries, as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 Revised UAW Settlement Agreement. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). Under the settlement agreement, the IUE-CWA and the USW agreed to withdraw and release all claims against us and MLC relating to retiree healthcare benefits and basic life insurance benefits. In exchange, the IUE-CWA, the USW and any additional union that agrees to the terms of the settlement

Table of Contents

agreement will be granted an allowed pre-petition unsecured claim in MLC's Chapter 11 proceedings in the amount of $1.0 billion with respect to retiree health and life insurance benefits for the post-age-65 retirees, post-age-65 surviving spouses and under-age-65 medicare eligible retirees or surviving spouses disqualified for retiree health care benefits from us under the settlement agreement. For participants remaining eligible for health care, certain coverages were eliminated and cost sharing will increase. These modifications became effective upon completion of the 363 Sale and resulted in a reorganization gain of $2.7 billion. Refer to Note 2 for additional information on the reorganization gain.

The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. We remeasured the U.S. hourly defined benefit pension plan, non-UAW hourly retiree health care plan and the U.S. hourly life plan in November 2009 to reflect the terms and acceptances of the IUE-CWA and USW Settlement Agreement. The remeasurement of these plans resulted in a decrease in our related accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified the 2009 CAW Agreement intended to reduce manufacturing costs in Canada by closing the competitive gap with transplant automakers in the United States on active employee labor costs and reducing legacy costs through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments.

GMCL subsequently entered into additional negotiations with the CAW which resulted in a further addendum to the 2008 collective agreement which was ratified by the CAW members in May 2009. In June 2009 the Ontario and Canadian governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

As a result of the termination of the employees from the former Oshawa, Ontario truck facility, the CAW hourly retiree healthcare plan and the CAW retiree life plan were remeasured in June 2009 and a curtailment gain associated with the CAW hourly retiree healthcare plan was also recorded in the three months ended June 30, 2009.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree health care benefits to certain active and retired employees represented by the CAW. The HCT will be implemented when certain preconditions are achieved, including certain changes to the Canadian Income Tax Act. The preconditions have not been achieved and the HCT is not yet implemented at December 31, 2009. Under the terms of the HCT agreement, GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period December 31, 2009 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree health care benefits to current employees and retired plan participants, and we will account for the termination of our CAW hourly retiree healthcare plan as a settlement, based upon the difference between the fair value of the notes and cash contributed and the health care plan obligation at the settlement date.

Delphi

In July 2009 we and Delphi entered into an agreement with the PBGC regarding the settlement of the PBGC's claims from the termination of the Delphi pension plans. As part of that agreement, we maintained the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Guarantee Agreements. We had a legal obligation to provide this benefit to eligible UAW plan participants at July 10, 2009. We remeasured the U.S. hourly defined benefit pension plan in August 2009 for eligible UAW plan participants, which coincided with Delphi's transfer of its pension plan obligations to the PBGC. We did not agree to provide this benefit to eligible Delphi IUE-CWA and USW retirees until the IUE-CWA and USW Settlement Agreement was approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009; however a contingent liability had been recorded. We remeasured the U.S. hourly defined benefit pension plan in November 2009 for eligible IUE-CWA and USW plan participants that coincided with the approval of the IUE-CWA and USW Settlement Agreement by the Bankruptcy Court. The remeasurements of the U.S. hourly defined benefit pension plan resulted in a $1.4 billion increase in the plan PBO to the U.S. hourly defined benefit pension plan and an offsetting decrease principally related to our Delphi related accrual. Refer to Note 21 for additional information on the Delphi Benefit Guarantee Agreements.

2008

The following table summarizes Old GM's significant 2008 defined benefit plan interim remeasurements, the related changes in obligations and the associated curtailments, settlements and termination benefits, as applicable, recorded in earnings in the year ended 2008, which are subsequently discussed:

Predecessor							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2008 UAW Settlement Agreement — September 1	UAW hourly retiree medical plan	—	—	$ (13,135)	$ 6,326	$ —	$ —
	Mitigation Plan	—	—	(137)	(1,424)	—	—
	U.S. hourly defined benefit pension plan	6.45%	6.70%	563	—	—	—
2008 Special Attrition Programs — May 31	U.S. hourly defined benefit pension plan	6.30%	6.45%	842	(2,441)	—	(800)
	Various OPEB plans	—	—	—	104	—	(68)
2008 CAW Agreement and facility idlings — May 31	Canadian hourly and salaried defined benefit pension plans	5.75%	6.00%	262	(177)	—	(37)
Salaried retiree benefit plan changes — July 1	U.S. salaried retiree medical plan	6.40%	6.75%	(3,993)	—	(1,706)	—
	U.S. salaried defined benefit pension plan	6.45%	6.60%	3,159	—	—	—
Delphi-GM Settlement Agreement — September 30	Various U.S. hourly retiree medical plans	6.40%	6.85%	1,236	—	—	—
	U.S. hourly defined benefit pension plan	6.70%	7.10%	1,070	—	—	—
Total				$ (10,133)	$ 2,388	$ (1,706)	$ (905)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition to the events listed previously, a number of events related to benefit plans occurred that did not result in interim remeasurements including:

- IUE-CWA agreements related to the closure of the Moraine, Ohio facility resulted in increased cost of $255 million for pension benefit enhancements and a $257 million curtailment gain as a result of accelerating substantially all of the IUE-CWA retiree healthcare plan's negative prior service cost.
- Salaried workforce reduction resulted in special termination benefit charges of $311 million as a result of 3,700 employees accepting the 2008 Salaried Window Program, which was a voluntary early retirement program extended to certain U.S. salaried employees.

2008 UAW Settlement Agreement

In February 2008 Old GM entered into the 2008 UAW Settlement Agreement which provided that responsibility for providing retiree healthcare would permanently shift from Old GM to the New Plan funded by the New VEBA as of the Implementation Date. The 2008 UAW Settlement Agreement became effective in September 2008 with an implementation date of January 1, 2010. As a result of the 2008 UAW Settlement Agreement, Old GM's obligation to provide retiree healthcare coverage for UAW retirees and beneficiaries was to terminate at January 1, 2010. The obligation for retiree medical claims incurred on or after this date would be the responsibility of the New Plan and New VEBA. This agreement was revised in 2009 as discussed previously in the section "2009 Revised UAW Settlement Agreement."

The U.S. hourly defined benefit pension plan was amended as part of the 2008 UAW Settlement Agreement to reflect a flat monthly special lifetime benefit to be paid to plan participants commencing January 1, 2010 to help offset the retiree's increased costs of monthly contributions and other cost sharing increases required under the terms of the New VEBA. Effective with the 363 Sale, the additional pension flat monthly lifetime benefit was eliminated and was recorded as a component of the Reorganization gain, net upon our application of fresh-start reporting.

2008 Special Attrition Programs

In February 2008 Old GM entered into agreements with the UAW and the IUE-CWA regarding special attrition programs which were intended to further reduce the number of hourly employees. The 2008 UAW Special Attrition Program offered to 74,000 UAW-represented employees was comprised of wage and benefit packages for normal and early voluntary retirements or buyouts or pre-retirement leaves. In addition to their vested pension benefits, those employees who were retirement eligible received a lump sum payment that was funded from the U.S. hourly defined benefit pension plan, the amount of which depended upon their job classification. For those employees not retirement eligible, other buyout options were offered and funded from operating cashflow. The terms of the 2008 IUE-CWA Special Attrition Program, which was offered to 2,300 IUE-CWA represented employees, were similar to those offered under the 2008 UAW Special Attrition Program.

2008 CAW Agreement and Facility Idlings

In May 2008 Old GM entered into the 2008 CAW Agreement which resulted in increased pension benefits. Old GM subsequently announced its plan to cease production at the Oshawa, Ontario truck facility, which triggered a curtailment of Old GM's Canadian hourly and salaried defined benefit pension plans.

Prior to the 2008 CAW Agreement, Old GM amortized prior service cost related to its Canadian hourly defined benefit pension plan over the remaining service period for active employees, previously estimated to be 10 years. In conjunction with entering into the 2008 CAW Agreement, Old GM evaluated the 2008 CAW Agreement and the relationship with the CAW and determined that the contractual life of the labor agreements is a more appropriate reflection of the period of future economic benefit received from pension plan amendments negotiated as part of the collectively bargained agreement. This change accelerated the recognition of prior

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

service cost to three years, resulting in additional net periodic pension expense of $334 million recorded in Cost of sales in the year ended 2008 related to pension increases in Canada from prior collectively bargained agreements.

Salaried Retiree Benefit Plan Changes

In July 2008 Old GM amended its U.S. salaried retiree medical and defined benefit pension plans to eliminate healthcare coverage for U.S. salaried retirees over age 65, effective January 2009. Upon reaching age 65, affected retirees and surviving spouses were to receive a pension increase of $300 per month to partially offset the retiree's increased cost of Medicare and supplemental healthcare coverage. For participants who were under the age of 65, the future elimination of healthcare benefits upon turning age 65 and the increased pension benefits provided resulted in a negative plan amendment to the U.S. salaried retiree medical plan and a positive plan amendment to the U.S. salaried defined benefit pension plan, both of which will be amortized over seven years, which represents the average remaining years to full eligibility for U.S. salaried retiree medical plan participants.

Delphi-GM Settlement Agreements

Old GM and Delphi reached agreements in the three months ended September 30, 2008 with each of Delphi's unions regarding the plan to freeze the benefits related to the Delphi's hourly rate employee pension plan (Delphi HRP); the cessation by Delphi of OPEB for Delphi hourly union-represented employees and retirees; and transfers of certain assets and obligations from the Delphi HRP to Old GM's U.S. hourly defined benefit pension plan. As a result of assuming Delphi's OPEB obligation, Old GM reclassified liabilities of $2.8 billion from its Delphi related accrual to its U.S. OPEB obligation. Old GM remeasured certain of its OPEB plans in September 2008 to include Delphi hourly union-represented employees, the effects of other announced facility idlings in the U.S., as well as changes in certain actuarial assumptions.

The transfer of certain assets and obligations from the Delphi HRP to Old GM's U.S. hourly defined benefit pension plan resulted in a decrease in Old GM's Delphi related accrual and an offsetting increase in the PBO of $2.8 billion. Old GM remeasured its U.S. hourly defined benefit pension plan in September 2008 to include: (1) assets and liabilities of certain employees transferred in accordance with the Delphi Settlement Agreement; (2) its obligation under the Delphi Benefit Guarantee Agreement to provide up to seven years of credited service to covered employees; (3) the effects of other announced facility idlings in the U.S.; and (4) changes in certain actuarial assumptions including a discount rate increase.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits(a)	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
	July 10, 2009 Through December 31, 2009			
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (b)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$ (10,347)	$ (5,757)	$ (3,797)
Amounts recorded in the consolidated balance sheet are comprised of:				
Noncurrent asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Noncurrent liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$ (10,347)	$ (5,757)	$ (3,797)
Amounts recorded in Accumulated other comprehensive Income (loss) are comprised of:				
Net actuarial loss (gain)	$ (3,803)	$ 833	$ 212	$ 65
Net prior service cost (credit)	(13)	(9)	(1)	(89)
Total recorded in Accumulated other comprehensive income (loss)	$ (3,816)	$ 824	$ 211	$ (24)

(a) Table does not include other non-U.S. employee benefit arrangements with a total PBO of $76 million at December 31, 2009.

(b) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits(a)		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Change in benefit obligations								
Beginning benefit obligation	$ 98,135	$ 85,277	$ 19,995	$ 23,753	$ 39,960	$ 59,703	$ 2,930	$ 4,310
Service cost	243	527	155	410	69	241	12	32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Plan participants' contributions	—	—	8	29	169	401	—	—
Amendments	(8)	1,218	(584)	218	(705)	(1,108)	(482)	(185)
Actuarial (gains) losses	(260)	5,684	959	(965)	77	(18,918)	436	(443)
Benefits paid	(5,319)	(8,862)	(769)	(1,390)	(2,115)	(4,759)	(90)	(175)
Medicare Part D receipts	—	—	—	—	150	240	—	—
Foreign currency translation adjustments	—	—	856	(3,981)	—	—	159	(833)
Delphi obligation transfer	—	2,753	—	—	—	2,654	—	—
Curtailments, settlements, and other	1,559	6,045	(76)	652	8	(2,013)	(15)	(1)
Ending benefit obligation	97,427	98,135	21,140	19,995	39,228	39,960	3,052	2,930
Effect of application of fresh-start reporting	585	—	252	—	(11,589)	—	368	—
Ending benefit obligation including effect of application of fresh-start reporting	98,012	98,135	21,392	19,995	27,639	39,960	3,420	2,930
Change in plan assets								
Beginning fair value of plan assets	84,545	104,070	8,086	13,308	9,969	16,303	—	—
Actual return on plan assets	(203)	(11,350)	227	(2,863)	444	(4,978)	—	—
Employer contributions	57	90	529	977	1,947	3,002	90	175
Plan participants' contributions	—	—	8	29	169	401	—	—
Benefits paid	(5,319)	(8,862)	(769)	(1,390)	(2,115)	(4,759)	(90)	(175)
Foreign currency translation adjustments	—	—	516	(2,342)	—	—	—	—
Delphi plan asset transfer	—	572	—	—	—	—	—	—
Other	41	25	(197)	367	(10)	—	—	—
Ending fair value of plan assets	79,121	84,545	8,400	8,086	10,404	9,969	—	—
Effect of application of fresh-start reporting	(628)	—	216	—	298	—	—	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	84,545	8,616	8,086	10,702	9,969	—	—
Ending funded status	(18,306)	(13,590)	(12,740)	(11,909)	(28,824)	(29,991)	(3,052)	(2,930)
Effect of application of fresh-start reporting	(1,213)	—	(36)	—	11,887	—	(368)	—
Ending funded status including effect of application of fresh-start reporting	$ (19,519)	$ (13,590)	$ (12,776)	$ (11,909)	$ (16,937)	$ (29,991)	$ (3,420)	$ (2,930)
Amounts recorded in the consolidated balance sheet are comprised of:								
Noncurrent assets	$ —	$ —	$ 97	$ 109	$ —	$ —	$ —	$ —
Current liability	(74)	(108)	(339)	(322)	(1,809)	(3,848)	(147)	(154)
Noncurrent liability	(19,445)	(13,482)	(12,534)	(11,696)	$ (15,128)	(26,143)	(3,273)	(2,776)
Net amount recorded	$ (19,519)	$ (13,590)	$ (12,776)	$ (11,909)	$ (16,937)	$ (29,991)	$ (3,420)	$ (2,930)
Amounts recorded in Accumulated other comprehensive income (loss) are comprised of:								
Net actuarial loss	$ 38,007	$ 34,940	$ 7,387	$ 6,188	$ 1,631	$ 1,651	$ 1,005	$ 569
Net prior service cost (credit)	1,644	2,277	(754)	(170)	(5,028)	(5,305)	(860)	(519)
Transition obligation	—	—	7	7	—	—	—	—
Total recorded in Accumulated other comprehensive income (loss)	$ 39,651	$ 37,217	$ 6,640	$ 6,025	$ (3,397)	$ (3,654)	$ 145	$ 50
Effect of application of fresh-start reporting	(39,651)	—	(6,640)	—	3,397	—	(145)	—
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ 37,217	$ —	$ 6,025	$ —	$ (3,654)	$ —	$ 50

(a) The table does not include other non-U.S. employee benefit arrangements with a total PBO of $94 million and $95 million at July 9, 2009 and December 31, 2008.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the period July 10, 2009 through December 31, 2009 we experienced actual return on plan assets on our U.S. pension plan assets of $9.9 billion compared to expected returns of $3.0 billion that were recognized as a component of our net pension expense during this period. As a result of the U.S. hourly and salaried defined benefit pension plan interim remeasurements, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurements. The market related value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2009 is $2.8 billion lower than the actual fair value of plan assets for U.S. pension plans and $294 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not fully affect net pension expense in the year ended 2010. Refer to Note 4 for additional information on the market-related value of plan assets methodology utilized.

The following table summarizes the total accumulated benefit obligations (ABO), the ABO and fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$101,397	$23,615	$98,003	$19,547
Plans with ABO in excess of plan assets				
ABO	$101,397	$22,708	$98,003	$19,229
Fair value of plan assets	$ 84,500	$12,721	$84,545	$ 7,648
Plans with PBO in excess of plan assets				
PBO	$101,571	$23,453	$98,135	$19,664
Fair value of plan assets	$ 84,500	$13,008	$84,545	$ 7,649

The following tables summarize the components of net periodic pension and OPEB expense from continuing operations along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Other Benefits	Non-U.S. Plans Other Benefits
	July 10, 2009 Through December 31, 2009			
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31 (b)				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for period ended December 31 (c)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U. S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the end of the period.

(c) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor											
	U.S. Plans Pension Benefits			Non-U.S. Plans Pension Benefits			U.S. Plans Other Benefits			Non-U.S. Other Benefits		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Components of expense												
Service cost	$ 243	$ 527	$ 627	$ 155	$ 410	$ 486	$ 69	$ 241	$ 370	$ 12	$ 32	$ 45
Interest cost	3,077	5,493	4,931	596	1,269	1,143	1,615	3,519	3,609	102	225	199
Expected return on plan assets	(3,810)	(8,043)	(7,983)	(364)	(969)	(984)	(444)	(1,281)	(1,400)	—	—	—
Amortization of prior service cost (credit)	429	1,077	2,167	(12)	407	32	(1,051)	(1,918)	(1,830)	(63)	(86)	(86)
Amortization of transition obligation	—	—	—	2	6	8	—	—	—	—	—	—
Recognized net actuarial loss	715	317	764	193	275	407	32	508	1,352	23	110	122
Curtailments, settlements, and other losses (gains)	1,720	3,823	75	97	270	156	21	(3,476)	(213)	(123)	11	(17)
Divestiture of Allison (a)	—	—	(30)	—	—	—	—	—	211	—	—	—
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 551	$ 667	$ 1,668	$ 1,248	$ 242	$ (2,407)	$ 2,099	$ (49)	$ 292	$ 263
Weighted-average assumptions used to determine benefit obligations at period end (b)												
Discount rate	5.86%	6.27%	6.35%	5.82%	6.22%	5.72%	6.86%	8.25%	6.35%	5.47%	7.00%	5.75%
Rate of compensation increase	3.94%	5.00%	5.25%	3.23%	3.59%	3.60%	1.48%	2.10%	3.30%	4.45%	4.45%	4.00%
Weighted-average assumptions used to determine net expense for the period (c)												
Discount rate	6.27%	6.56%	5.97%	6.23%	5.77%	4.97%	8.11%	7.02%	5.90%	6.77%	5.90%	5.00%
Expected return on plan assets	8.50%	8.50%	8.50%	7.74%	7.78%	7.85%	8.50%	8.40%	8.40%	—	—	—
Rate of compensation increase	5.00%	5.00%	5.00%	3.08%	3.59%	3.46%	1.87%	3.30%	4.60%	4.45%	4.00%	4.00%

(a) As a result of the Allison divestiture, Old GM recorded an adjustment to the unamortized prior service cost of the U.S. hourly defined benefit pension plan and U.S. salaried defined benefit pension plan of $18 million and the U.S. hourly and salaried OPEB plans of $223 million in the year ended 2007. Those adjustments were included in the determination of the gain recognized on the sale of Allison. The net periodic pension and OPEB benefit expenses related to Allison were reported as a component of discontinued operations. All such amounts related to Allison are reflected in the table above, and the effects of those amounts are shown as an adjustment to arrive at net periodic pension and OPEB (income) expense from continuing operations.

(b) Determined at the end of the period.

(c) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost in the year ended 2010 based on December 31, 2009 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service credit	$ (1)	$ (1)	$ —	$ (1)
Amortization of net actuarial loss	—	9	—	—
	$ (1)	$ 8	$ —	$ (1)

Assumptions

Healthcare Trend Rate

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
Assumed Healthcare Trend Rates	U.S. Plans(a)	Non U.S. Plans(b)	U.S. Plans	Non U.S. Plans
Initial healthcare cost trend rate	—%	5.4%	8.0%	5.5%
Ultimate healthcare cost trend rate	—%	3.3%	5.0%	3.3%
Number of years to ultimate trend rate	—	8	6	8

(a) As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The effect of aggregate healthcare trend rates does not include healthcare trend data subsequent to December 31, 2009 associated with the UAW hourly retiree medical plan due to the December 31, 2009 Implementation Date of the New VEBA as the plan is now settled.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates:

	U.S. Plans(a)		Non-U.S. Plans(b)	
Change in Assumption	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO
One percentage point increase	—	—	+$ 14 million	+$ 413 million
One percentage point decrease	—	—	-$ 11 million	-$ 331 million

(a) As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect in the U.S.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

Table of Contents

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension and OPEB plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated excess returns above market returns. Therefore, the expected long-term return assumption has been developed with the expectation that we will achieve excess returns above market returns through active management. The results of an asset and liability study approved by the U.S. pension plans' fiduciaries in May 2009 confirmed that the expected long-term annual rate of return assumption of 8.5% for U.S. defined benefit plans continued to be appropriate.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans.

Target Allocation Percentages

An asset and liability study of the U.S. target allocation percentages was approved in May 2009. No significant changes were made to the target allocation percentages by asset category as a result of this study. However, due to the partial elimination of the derivative overlay for the absolute return strategies with the May 2009 study, the absolute return strategies no longer provided bond or bond-like exposures. Therefore they were reclassified from debt securities to the other asset category resulting in a 15 percentage point shift between asset categories. This change does not reflect a change in investment policy.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans and U.S. OPEB plans:

	Successor			Predecessor		
	December 31, 2009			December 31, 2008		
Asset Categories	U.S. Plans	Non-U.S. Plans	U.S. OPEB(c)	U.S. Plans	Non-U.S. Plans	U.S. OPEB
Equity securities	28.0%	64.0%	—%	28.0%	60.0%	53.0%
Debt securities (a)	42.0%	24.0%	—%	57.0%	24.0%	25.0%
Real estate	9.0%	9.0%	—%	9.0%	12.0%	4.5%
Other (b)	21.0%	3.0%	—%	6.0%	4.0%	17.5%
Total	100.0%	100.0%	—%	100.0%	100.0%	100.0%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Includes absolute return strategies at December 31, 2008.

(b) Includes private equity at December 31, 2008 and December 31, 2009 and absolute return strategies at December 31, 2009.

(c) There are no significant U.S. OPEB assets at December 31, 2009 following the settlement of the UAW hourly retiree medical plan.

Pension Plan Assets and Fair Value Measurements

The following table summarizes the fair value of defined benefit pension plan assets by asset category (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				Total U.S. and Non-U.S. Plan Assets
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	
Direct investments:									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stock	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets (c)	—	—	—	—	14	—	825	839	839
Derivatives (d)	—	—	—	—	—	23	—	23	23
Total direct investments	—	—	—	—	3,248	5,265	1,132	9,645	9,645
Investment funds:									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
High quality fixed income funds	—	9,643	—	9,643	—	1,012	—	1,012	10,655
High yield fixed income funds	—	—	4,221	4,221	—	—	—	—	4,221
Blended funds (e)	—	71	—	71	—	18	—	18	89
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other funds (f)	—	2,266	—	2,266	—	8	95	103	2,369
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Assets before Investment Trusts	$ —	$27,391	$ 4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (g)				53,043				—	53,043
Total assets				84,655				13,910	98,565
Other plan assets and liabilities (h)				(155)				117	(38)
Net plan assets				$ 84,500				$ 14,027	$98,527

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) Includes bank debt obligations.

(c) Includes public and private real estate investment trusts.

(d) Includes net futures, forwards, options, swaps, rights, and warrants.

(e) Primarily investments in blended equity and fixed income fund-of-funds.

(f) Primarily investments in alternative investment funds.

(g) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(h) Primarily investment manager fees, custody fees and other expenses paid directly by the plans.

The following tables summarize the activity for U.S. plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 U.S. Plan Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
High yield fixed income funds	$ 5,488	$ 910	$ 158	$ (2,335)	$ —	$ 4,221

	Predecessor					
	Level 3 U.S. Plan Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
High yield fixed income funds	$ 4,508	$ 998	$ 7	$ (25)	$ —	$ 5,488

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor						
	Level 3 Non-U.S. Plan Asset Activity						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments:							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset- backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds:							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$ 1,308	$ 11	$ (15)	$ 68	$ 42	$ 105	$ 1,519

	Predecessor						
	Level 3 Non-U.S. Plan Asset Activity						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments:							
Government and agency debt securities	$ —	$ —	$ —	$ 4	$ 4	$ —	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset- backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds:							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$ 1,350	$ (152)	$ (2)	$ 31	$ (1)	$ 82	$ 1,308

Table of Contents

Fund Investment Strategies

A significant portion of the defined benefit pension plan assets, as previously discussed, are invested in a variety of investment funds. The following information describes the significant investment strategies of those funds.

Cash equivalent funds typically seek a high level of current income consistent with the preservation of capital and the maintenance of liquidity. In furtherance of these investment objectives, the funds invest primarily in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of the U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities. The funds seek to be fully invested and to achieve the objectives by using fundamental security valuation methodologies and quantitative investment models.

Equity funds typically seek long-term growth through capital appreciation and current income primarily through investments in companies that are believed by the investment manager to be attractively priced relative to fundamental characteristics such as earnings, book value or cash flow. The funds invest primarily in U.S. equities but may also have exposure to equity securities issued by companies incorporated, listed, or domiciled in developed and/or emerging markets. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

High quality fixed income funds typically seek a high level of current income that is consistent with reasonable risk and moderate capital appreciation, primarily through investments in U.S. high quality fixed income securities. In furtherance of these investment objectives, the funds invest primarily in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

High yield fixed income funds typically seek a high level of current income and capital appreciation primarily through investments in U.S. high yield fixed income securities. The funds invest primarily in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics, or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

Blended funds typically seek long-term growth through capital appreciation and current income primarily through investments in a broadly diversified portfolio of stocks and bonds. The funds invest in other investment funds pursuant to an asset allocation strategy that seeks to provide diversification across a range of asset classes. The asset classes of the funds may include U.S. large cap stocks, U.S. small cap stocks, international stocks, emerging markets stocks, U.S. high quality bonds, U.S. high yield bonds and cash. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

Real estate funds typically seek long-term growth of capital and current income that is above average relative to public equity funds. The funds invest primarily in the equity-oriented securities of companies which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. The funds seeks to achieve their objective by selecting securities based on an analysis of factors affecting the performance of real estate investments such as local market conditions, asset quality and management expertise, and an assessment of value based on fundamental security valuation methodologies and other real estate valuation metrics.

The plans also have limited exposure to alternative investment funds with broad-ranging strategies and styles. Typically, the objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Fund strategies in this category typically include private equity, venture capital, commodities, hedged, or absolute return strategies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans are 97.4% on a combined basis at December 31, 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor December 31, 2009
U.S. pension plans' funded beneficial interest	$ 53,043
OPEB 401(h) plans' funded beneficial interest	3
Interests held in trusts by plans of other employers	1,403
Total fair value of underlying assets of Investment Trusts	54,449
Assets of Investment Trusts not subject to leveling:	
Cash	(3,022)
Net non-security assets	(323)
Total net assets of the Investment Trusts subject to leveling	$ 51,104

The following table summarizes the fair value of the individual investments held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009(a)			
	Level 1	Level 2	Level 3	Total
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stock	2,512	169	51	2,732
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,984	1,761	6,745
Agency mortgage and asset-backed securities	—	380	6	386
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Investment funds (d)	999	3,463	13,916	18,378
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (e)	292	—	5,209	5,501
Derivatives (f)	57	(1,825)	112	(1,656)
Total underlying assets	$3,860	$15,902	$31,342	$51,104

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes common, collective, pooled and hedge funds.

(e) Includes public and private real estate investment trusts.

(f) Includes net futures, forwards, options, swaps, rights, and warrants.

The following tables summarize the activity of the underlying assets of the Investment Trusts classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 Investment Trust Underlying Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stock	$ 13	$ 11	$ (6)	$ 37	$ (4)	$ 51
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	612	233	1,761
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Investment funds	10,874	1,379	(218)	1,379	502	13,916
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Derivatives	(314)	(8)	(22)	66	390	112
Total Investment Trust Level 3	$ 24,217	$ 1,333	$ 180	$ 2,909	$ 2,703	$ 31,342

	Predecessor					
	Level 3 Investment Trust Underlying Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stock	$ 10	$ (1)	$ 3	$ 1	$ —	$ 13
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Investment funds	12,753	1,899	(1,193)	(2,585)	—	10,874
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Derivatives	1,420	(1,469)	(229)	(36)	—	(314)
Total Investment Trust Level 3	$ 30,981	$ (3,032)	$ (1,556)	$ (2,161)	$ (15)	$ 24,217

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

OPEB Plan Assets and Fair Value Measurements

The existing OPEB plan assets were no longer recognized as plan assets due to the UAW hourly retiree medical plan settlement. The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor			
	Fair Value Measurements of OPEB Plan Assets at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments:				
Cash equivalents and other short-term investments	$ —	$ 28	$ —	$ 28
Investment Funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$ 65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB net assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 OPEB Plan Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stock	$ 3	$ 3	$ (2)	$ (4)	$ —	$ —
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB Level 3	$ 2,933	$ 158	$ (13)	$ (3,328)	$ 252	$ 2

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	Level 3 OPEB Plan Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stock	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB Level 3	$ 3,178	$ 300	$ (125)	$ (249)	$ (171)	$ 2,933

Significant Concentrations of Risk

The pension plan Investment Trusts include investments in privately negotiated equity and debt securities and derivative instruments which may be illiquid. The asset managers may be unable to quickly liquidate some of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

A portion of the assets underlying the Investment Trusts include non-readily liquid assets, which generally have long-term durations that complement the long-term nature of pension obligations, are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry, and market liquidity events.

The pension plan Investment Trusts may invest in financial instruments and enter into transactions denominated in currencies other than the plans' functional currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of that portion of the plans' assets or liabilities denominated in currencies other than the functional currency. The plans use forward currency contracts to manage foreign currency risk.

The pension plan Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns on the expiration of contracts or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. In general, as interest rates rise, the fair value of fixed income securities declines, and vice-versa. The plan Investment Trusts use interest rate swaps and other financial derivative instruments to manage interest rate risk.

A counterparty to a financial instrument may fail or default on a commitment that it has entered into with the plan Investment Trusts. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The plan Investment Trusts enter into agreements with counterparties that allow the set-off of certain exposures to the risk that the issuer or guarantor of a debt security will be unable to meet principal and interest payments on its obligations and also to the price risk related to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity. The plan Investment Trusts may invest in debt securities that are investment grade, non-investment grade, or unrated. High yield debt securities have historically experienced greater default rates than investment grade securities. The plan Investment Trusts have credit policies and processes to manage exposure to credit risk on an ongoing basis and manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2009, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. hourly and salaried	$ —	$ —	$ —	$ —
Other U.S.	31	57	90	89
Non-U.S.	4,287	529	977	848
Total contributions	$ 4,318	$ 586	$ 1,067	$ 937

In the year ending 2010 we do not have any U.S. contributions due to our qualified plans. The next pension funding valuation date based on the requirements of the Pension Protection Act (PPA) of 2006 would be October 1, 2010. At that time, based on the PPA, we have the option to select a discount rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2009 using the Full Yield Curve discount rate at that time and for all future funding valuations projects contributions of $2.5 billion, $4.6 billion and $4.8 billion in 2013, 2014 and 2015 and additional contributions may be required thereafter. Alternatively, if the 3-Segment discount rate were used for the hypothetical valuation, no pension funding contributions until a contribution of $3.3 billion in 2015 are required, and additional contributions may be required thereafter. In both cases, we have assumed that the pension plans earn the expected return of 8.5% in the future. In addition to the discount rate and rate of return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are currently considering making a discretionary contribution to our U.S. hourly defined benefit pension plan to offset the effect of the increase to the PBO resulting from the Delphi Benefit Guarantee Agreements being triggered and to reduce the projected future cash funding requirements. We are currently evaluating the amount, timing and form of assets that may be contributed. We expect to contribute or pay benefits of $95 million to our other U.S. defined benefit pension plans and $355 million to our non-U.S. pension plans in the year ended 2010.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement between Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements between GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2009 $955 million remained in the escrow account.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes net contributions to the U.S. OPEB plans (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Employer (a)(b)	$ 1,528	$ 1,947	$ (1,356)	$ (1,929)
Plan participants' contributions.	172	169	401	354
Total contributions	$ 1,700	$ 2,116	$ (955)	$ (1,575)

(a) Withdrawals were from plan assets of non-UAW hourly and salaried VEBAs in the years ended 2008 and 2007.

(b) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, as appropriate, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2010	$ 9,321	$ 1,414	$ 489	$ 177
2011	$ 8,976	$ 1,419	$ 451	$ 185
2012	$ 8,533	$ 1,440	$ 427	$ 193
2013	$ 8,247	$ 1,461	$ 407	$ 201
2014	$ 8,013	$ 1,486	$ 390	$ 210
2015-2019	$37,049	$ 7,674	$ 1,801	$ 1,169

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 Revised UAW Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 20. Derivative Financial Instruments and Risk Management

Risk Management

Foreign currency exchange risk, interest rate risk and commodity price risk are managed by using derivative instruments, typically including forward contracts, swaps and options, in accordance with our current and Old GM's previous risk management policies. The objective of these risk management policies is to offset the gains and losses on the underlying exposures resulting from these risks with the related gains and losses on the derivatives used to hedge them. These risk management policies limit the use of derivative instruments to managing these risks and do not allow the use of derivative instruments for speculative purposes.

A risk management control system is used to assist in monitoring the hedging program, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures, and the related accounting treatment. Hedges that receive designated hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $159 million at December 31, 2009. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. The total net derivative asset position for all counterparties with which we were in a net asset position at December 31, 2009 was $125 million.

Counterparty credit risk is managed and monitored by our Risk Management Committee, which establishes exposure limits by counterparty. At December 31, 2009 substantially all counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Agreements with counterparties to derivative instruments do not contain covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that certain standards are violated or when a derivative instrument is in a liability position. No collateral was posted related to derivative instruments at December 31, 2009. We are currently in negotiations with counterparties to amend or enter into new derivative agreements that will likely require us to provide cash collateral for any net liability positions that we would have with these counterparties.

Derivatives and Hedge Accounting

Our derivative instruments consist of nondesignated derivative contracts or economic hedges. At December 31, 2009 and 2008 no outstanding derivative contracts were designated in hedging relationships. In the period July 10, 2009 through December 31, 2009 we accounted for changes in the fair value of all outstanding contracts by recording the gains and losses in earnings.

Cash Flow Hedges

We are and Old GM was exposed to certain foreign currency exchange risks associated with buying and selling automotive parts and vehicles and foreign currency exposure to long-term debt. We partially manage these risks through the use of derivative instruments that we acquired from Old GM. At December 31, 2009 we did not have any financial instruments designated as cash flow hedges for accounting purposes.

Due to Old GM's credit standing and the Chapter 11 Proceedings, our ability to manage risks using derivative financial instruments is severely limited as most derivative counterparties are unwilling to enter into transactions with us. Subsequent to the 363 Sale, we remain unable to enter into forward contracts pending the completion of negotiations for new agreements and credit terms with potential derivative counterparties. In December 2009 we began purchasing commodity and foreign currency exchange options. These nondesignated derivatives have original expiration terms of up to 13 months.

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

For derivatives that were previously designated as qualifying cash flow hedges, the effective portion of the unrealized and realized gains and losses resulting from changes in fair value were recorded as a component of Accumulated other comprehensive income (loss). Subsequently, those cumulative gains and losses were reclassified to earnings contemporaneously with and to the same line item as the earnings effects of the hedged item. However, if it became probable that the forecasted transaction would not occur, the cumulative change in the fair value of the derivative recorded in Accumulated other comprehensive income (loss) was reclassified into earnings immediately.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Sales and Cost of sales in the amounts of $127 million and $30 million.

The following table summarizes amounts reclassified from Accumulated other comprehensive income (loss) into earnings for the effective portion of a hedging relationship (dollars in millions):

	Predecessor	
	Gain (Loss) Reclassified	
	Year Ended December 31, 2008	Year Ended December 31, 2007
From accumulated other comprehensive income (loss) to sales	$ 198	$ 225
From accumulated other comprehensive income (loss) to cost of sales	$ 205	$ 51

To the extent that prior hedging relationships were not effective, the ineffective portion of the change in fair value of the derivative instrument was recorded immediately in earnings. Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the years ended 2008 and 2007.

The following table summarizes total activity in Accumulated other comprehensive income (loss) associated with cash flow hedges, primarily related to the reclassification of previously deferred cash flow hedge gains and losses from Accumulated other comprehensive income (loss) into earnings (dollars in millions):

Derivatives in Original Cash Flow Hedging Relationship	Location of Gain (Loss) Reclassified into Earnings	Predecessor Gain (Loss) Reclassified January 1, 2009 Through July 9, 2009
Foreign currency exchange contracts	Sales	$ (351)
Foreign currency exchange contracts	Cost of sales	19
Foreign currency exchange contracts	Reorganization gains, net	247
Total activity in accumulated other comprehensive income (loss)		$ (85)

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedge gains and losses in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	Gain (Loss) Reclassified
	January 1, 2009 Through July 9, 2009
Sales	$ (182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Fair Value Hedges

We are and Old GM was subject to market risk from exposures to changes in interest rates that affect the fair value of long-term, fixed rate debt. At December 31, 2009 we did not have any financial instruments designated as fair value hedges to manage this risk.

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with these borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized previously deferred fair value hedge gains and losses of $3 million to Interest expense. Old GM recorded no hedging ineffectiveness in the years ended 2008 and 2007.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

We are and Old GM was subject to foreign currency exposure related to net investments in certain foreign operations. At December 31, 2009 we did not have any hedges of a net investment in a foreign operation.

Old GM previously used foreign currency denominated debt to hedge this foreign currency exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the gains and (losses) related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Effective portion of net investment hedge gains (losses)	$ 5	$ 106	$ (224)

Derivatives Not Designated for Hedge Accounting

Derivatives not designated in a hedging relationship, such as forward contracts, swaps, and options, are used to economically hedge certain risk exposures. Unrealized and realized gains and losses related to these nondesignated derivative hedges are recorded in earnings.

In connection with our application of fresh-start reporting, we elected a new policy with respect to the classification of nondesignated derivative gains and losses in earnings. Effective July 10, 2009 gains and losses related to all nondesignated derivatives, regardless of type of exposure, are recorded to Interest income and other non-operating income, net. Refer to Notes 2 and 4 for additional information on fresh-start reporting and our derivative accounting policies.

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Old GM made cash payments of $631 million to settle the related commodity, foreign currency exchange, and interest rate forward contracts, resulting in a loss of $537 million. The loss was recorded in Sales, Cost of sales and Interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract is no longer forecasted to occur, in some cases a new derivative instrument is entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties are unwilling to enter into offsetting derivative instruments and, as such, there is exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for nondesignated derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$ 1	$ 91

Commodity Derivatives

Certain raw materials, parts with significant commodity content, and energy comprising various commodities are purchased for use in production. At December 31, 2009 our exposure to commodity prices was partially managed through the use of nondesignated commodity options. At December 31, 2009 we had not entered into any commodity forward contracts.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the notional amounts of our nondesignated commodity derivative contracts (units in thousands):

	Successor	
	December 31, 2009	
Commodity	Contract Notional	Units
Aluminum and aluminum alloy	39	Metric tons
Copper	4	Metric tons
Lead	7	Metric tons
Heating oil	10,797	Gallons
Natural gas	1,355	MMBTU
Natural gas	150	Gigajoules

Old GM previously hedged commodity price risk by entering into derivative instruments such as forward and option contracts. Gains and losses related to commodity derivatives were recorded in Cost of sales.

Interest Rate Swap Derivatives

At December 31, 2009 we did not have any interest rate swap derivatives.

Old GM previously used interest rate swap derivatives to economically hedge exposure to changes in the fair value of fixed rate debt. Gains and losses related to the changes in the fair value of these nondesignated derivatives were recorded in Interest expense.

Foreign Currency Exchange Derivatives

Foreign currency exchange derivatives are used to economically hedge exposure to foreign currency exchange risks associated with: (1) forecasted foreign currency denominated purchases and sales of parts and vehicles; and (2) variability in cash flows related to interest and principal payments on foreign currency denominated debt. At December 31, 2009 we partially managed foreign currency exchange risk through the use of foreign currency options and forward contracts we acquired from Old GM in connection with the 363 Sale.

The following table summarizes the total notional amounts of our nondesignated foreign currency exchange derivatives (dollars in millions):

	Successor
	December 31, 2009
Nondesignated foreign currency exchange derivatives	$ 6,333

Old GM recorded gains and losses related to these foreign currency exchange derivatives in: (1) Sales for derivatives that economically hedged sales of parts and vehicles; (2) Cost of sales for derivatives that economically hedged purchases of parts and vehicles; and (3) Cost of sales for derivatives that economically hedged foreign currency risk related to foreign currency denominated debt.

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. The fair value of the warrants on the date of receipt was recorded as a Non-current asset. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2009 the fair value of these warrants was $25 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 10, 2009 in connection with the 363 Sale, we issued warrants to MLC and the New VEBA to acquire shares of our common stock. These warrants are being accounted for as equity.

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

Fair Value of Nondesignated Derivatives

The following table summarizes the fair value of our nondesignated derivative instruments (dollars in millions):

Nondesignated Derivative Instruments	Successor December 31, 2009	
	Asset Derivatives(a)(c)	Liability Derivatives(b)(d)
Current Portion		
Foreign currency exchange derivatives	$ 104	$ 568
Commodity derivatives	11	—
Total current portion	$ 115	$ 568
Non-Current Portion		
Foreign currency exchange derivatives	$ 19	$ 146
Other derivatives	25	—
Total non-current portion	$ 44	$ 146

(a) Current portion recorded in Other current assets and deferred income taxes.

(b) Current portion recorded in Accrued expenses.

(c) Non-current portion recorded in Other assets.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Gains and (Losses) on Nondesignated Derivatives

The following table summarizes gains and (losses) recorded in earnings on nondesignated derivatives (dollars in millions):

Derivatives Not Designated as Hedging Instruments	Statement of Operations Line	Successor July 10, 2009 Through December 31, 2009	Predecessor January 1, 2009 Through July 9, 2009
Foreign currency exchange derivatives	Sales	$ —	$ (688)
Foreign currency exchange derivatives	Cost of sales	—	(211)
Foreign currency exchange derivatives	Interest income and other non-operating income, net	279	91
Interest rate swap derivatives	Interest expense	(1)	(38)
Commodity derivative contracts	Cost of sales	—	(332)
Other derivatives	Interest income and other non-operating income, net	—	164
Total gains (losses) recorded in earnings		$ 278	$ (1,014)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

We enter into purchase contracts to hedge physical exposure to the availability of certain commodities used in the production of vehicles. At December 31, 2009 we did not have any purchase contracts accounted for as derivatives.

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815-10, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning net unrealized gain (loss) on derivatives	$ (490)	$ 321	$ 359
Change in fair value	—	(1,054)	140
Reclassification to earnings	99	243	(178)
Ending net unrealized gain (loss) on derivatives	$ (391)	$ (490)	$ 321

In connection with our application of fresh-start reporting, previously deferred cash flow hedge gains and losses in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Note 21. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor December 31, 2009		Predecessor December 31, 2008	
	Liability Recorded	Maximum Liability(a)	Liability Recorded	Maximum Liability(a)
Guarantees				
Operating lease residual values (b)	$ —	$ 79	$ —	$ 118
Supplier commitments and other related obligations	$ 3	$ 43	$ 5	$ 23
GMAC commercial loans (c)(d)	$ 2	$ 167	$ 19	$ 539
Product warranty and recall claims	$ 54	$ 553	$ —	$ —

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs related to GMAC.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from GMAC to which we have title and which were recorded in Restricted cash. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we have recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(d) At December 31, 2008 included $481 million related to a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing. This guarantee was secured by an interest in certificates of deposit of $481 million purchased from GMAC to which Old GM had title and which were recorded in Restricted cash. The purchase of the certificates of deposit was funded in part by contributions from dealers for which Old GM recorded a corresponding deposit liability of $358 million, which was recorded in Other liabilities.

	Successor December 31, 2009	Predecessor December 31, 2008
	Liability Recorded	Liability Recorded
Credit card programs		
Rebates available (a)	$ 3,140	$ 3,421
Redemption liability (b)	$ 140	$ 145
Deferred revenue (c)	$ 464	$ 500
Environmental liability (d)	$ 190	$ 297
Product liability (e)	$ 319	$ 921
Asbestos-related liability	$ —	$ 648
Other litigation-related liability (f)	$ 1,192	$ 831

(a) Rebates available include amounts available to qualified cardholders, net of deferred program income.

(b) Redemption liabilities are recorded in Accrued expenses.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $28 million and $97 million recorded in Accrued expenses at December 31, 2009 and December 31, 2008, and the remainder was recorded in Other liabilities.

(e) At December 31, 2008 Old GM included legal fees of $154 million expected to be incurred in connection with product liability loss contingencies. In connection with our application of fresh-start reporting, we adopted a policy to expense legal fees as incurred related to product liability contingencies.

(f) Consists primarily of tax related litigation not recorded pursuant to ASC 740-10 as well as various non-U.S. labor related matters.

Guarantees

In connection with the 363 Sale, we assumed liabilities for certain agreements and guarantees.

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfilment of certain suppliers' commitments and other related obligations. These guarantees expire in years ranging from 2010 to 2014, or upon the occurrence of specific events, such as a company's cessation of business.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We provide payment guarantees on commercial loans made by GMAC to certain third parties, such as dealers or rental car companies. The guarantees either expire in years ranging from 2010 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 30 for additional information on guarantees that we provide to GMAC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. In connection with such divestitures, we have provided guarantees with respect to benefits to be paid to former employees relating to pensions, postretirement health care and life insurance. Also, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to product warranty and recall claims involving products manufactured by certain joint ventures, it is believed that expenses will be adequately covered by recorded accruals. At December 31, 2009 our maximum potential liability which we ultimately may be responsible for was $553 million.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from two to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our or Old GM's financial condition and results of operations. At December 31, 2009 we estimate the remediation losses could range from $130 million to $320 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment for actual damages will be adequately covered by recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are

Table of Contents

claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are and Old GM was self-insured. These amounts were recorded in Accrued expenses and exclude Old GM's asbestos claims, which are discussed separately.

In connection with the 363 Sale, we assumed certain liabilities related to product liability which arise directly out of accidents, incidents or other distinct and discrete occurrences that occur on or after July 10, 2009 and that arise from our and Old GM vehicles' operation or performance. Further, in accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations for activity on or after July 10, 2009 is limited. We have estimated our product liability given the information currently available concerning the projected number and value of such claims. It is not possible to estimate our maximum exposure under these indemnifications due to the conditional nature of these obligations. We did not assume the product liabilities of Old GM arising in whole or in part from any accidents, incidents or other occurrences that occurred prior to July 10, 2009.

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years. These claims primarily arose from three circumstances:

- A majority of these claims sought damages for illnesses alleged to have resulted from asbestos used in brake components;
- Limited numbers of claims have arisen from asbestos contained in the insulation and brakes used in the manufacturing of locomotives; and
- Claims brought by contractors who allege exposure to asbestos-containing products while working on premises Old GM owned.

Old GM had resolved many of the asbestos-related cases over the years for strategic litigation reasons such as avoiding defense costs and possible exposure to excessive verdicts. The amount expended on asbestos-related matters in any period depended on the number of claims filed, the amount of pre-trial proceedings and the number of trials and settlements in the period.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims. The analyses relied on and included the following information and factors:

- A third party forecast of the projected incidence of malignant asbestos-related disease likely to occur in the general population of individuals occupationally exposed to asbestos;
- Old GM's Asbestos Claims Experience, based on data concerning claims filed against Old GM and resolved, amounts paid, and the nature of the asbestos-related disease or condition asserted during approximately the four years prior;
- The estimated rate of asbestos-related claims likely to be asserted against MLC in the future based on Old GM's Asbestos Claims Experience and the projected incidence of asbestos-related disease in the general population of individuals occupationally exposed to asbestos;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The estimated rate of dismissal of claims by disease type based on Old GM's Asbestos Claims Experience; and
- The estimated indemnity value of the projected claims based on Old GM's Asbestos Claims Experience, adjusted for inflation.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the next 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate.

Old GM believed that the analyses were based on the most relevant information available combined with reasonable assumptions, and that Old GM may prudently rely on their conclusions to determine the estimated liability for asbestos-related claims. Old GM noted, however, that the analyses were inherently subject to significant uncertainties. The data sources and assumptions used in connection with the analyses may not prove to be reliable predictors with respect to claims asserted against Old GM. Old GM's experience in the past included substantial variation in relevant factors, and a change in any of these assumptions — which include the source of the claiming population, the filing rate and the value of claims — could significantly increase or decrease the estimate. In addition, other external factors such as legislation affecting the format or timing of litigation, the actions of other entities sued in asbestos personal injury actions, the distribution of assets from various trusts established to pay asbestos claims and the outcome of cases litigated to a final verdict could affect the estimate.

Other Litigation-Related Liability

In connection with the 363 Sale, we assumed liabilities for various legal matters.

Various legal actions, governmental investigations, claims and proceedings are pending against one or more of us, Old GM or MLC, including a number of shareholder class actions, bondholder class actions and class actions under the Employee Retirement Income Security Act of 1974, as amended, and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740-10 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740-10 as well as various non U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740-10 are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2009. It is believed that appropriate accruals have been established for such matters in accordance with ASC 450, "Contingencies," based on information currently available. Reserves for litigation losses are recorded in Accrued expenses and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our and Old GM's liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our or Old GM's financial condition, results of operations and cash flows in any particular reporting period.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended 2008. Also in the year ended 2008, Old GM recorded $215 million as a reduction to Selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances of $97 million and $132 million at December 31, 2009 and 2008 are recorded in buildings and land improvements, a component of Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 97	$ 237	$ 222
Accretion expense	4	12	19
Liabilities incurred	21	5	2
Liabilities settled or disposed	(9)	(2)	(24)
Effect of foreign currency translation	3	5	(17)
Revisions to estimates	(14)	1	35
Reclassified to liabilities subject to compromise (a)	—	(121)	—
Ending balance	102	137	237
Effect of application of fresh-start reporting	—	(40)	—
Ending balance including effect of application of fresh-start reporting	$ 102	$ 97	$ 237

(a) Represents the asset retirement obligations associated with assets MLC retained.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2010	2011	2012	2013	2014	2015 and after
Minimum commitments (a)(b)	$552	$414	$309	$261	$226	$ 960
Sublease income	(85)	(80)	(74)	(70)	(66)	(634)
Net minimum commitments	$467	$334	$235	$191	$160	$ 326

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

(b) In March 2010 we renegotiated certain leases which will increase our 2010 minimum payments by $12 million and decrease our 2011 and after minimum payments by $195 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Rental expense under operating leases	$ 255	$ 369	$ 934	$ 812

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after October 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before October 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;
- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi HRP to Old GM's U.S. hourly pension plan in September 2008;
- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;
- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;
- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;
- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;
- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;
- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;
- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;
- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and
- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 19, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree health care and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the years ended 2008 and 2009 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Other expenses, net	$ 8	$ 184	$ 4,797	$ 1,547
Cost of sales	193	142	555	53
Reorganization gains, net	—	662	—	—
Total Delphi charges	$ 201	$ 988	$ 5,352	$ 1,600

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 19 for additional information on the Delphi benefit plans.

Note 22. Income Taxes

The following table summarizes Income (loss) from continuing operations before income taxes and equity income (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. income (loss)	$ (6,647)	$ 105,420	$ (26,742)	$ (9,448)
Non-U.S. income (loss)	1,364	2,356	(2,729)	3,102
Income (loss) from continuing operations before income taxes and equity income	$ (5,283)	$ 107,776	$ (29,471)	$ (6,346)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Current income tax expense (benefit)				
U.S. federal	$ 7	$ (60)	$ (31)	$ (131)
Non-U.S.	421	(522)	668	295
U.S. state and local	(1)	16	(34)	21
Total current	427	(566)	603	185
Deferred income tax expense (benefit)				
U.S. federal	(1,204)	110	(163)	32,058
Non-U.S.	(52)	(716)	1,175	5,064
U.S. state and local	(171)	6	151	(444)
Total deferred	(1,427)	(600)	1,163	36,678
Total income tax expense (benefit)	$ (1,000)	$ (1,166)	$ 1,766	$ 36,863

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash paid (received) for income taxes	$ (65)	$ (1,011)	$ 718	$ 404

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested, of $5.5 billion and $6.3 billion at December 31, 2009 and 2008. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Tax at U.S. federal statutory income tax rate	$ (1,849)	$ 37,721	$ (10,315)	$ (2,222)
State and local tax expense	(559)	(260)	(1,151)	(275)
Foreign income taxed at rates other than 35%	412	—	314	418
Taxes on unremitted earnings of subsidiaries	(151)	(12)	(235)	(135)
Change in valuation allowance (a)	1,338	6,609	13,064	38,625
Change in statutory tax rates (b)	163	1	151	885
Medicare prescription drug adjustment	—	18	(104)	(199)
Other adjustments	(26)	321	42	(234)
VEBA contribution	(328)	—	—	—
Non-taxable reorganization gain	—	(45,564)	—	—
Total income tax expense (benefit)	$ (1,000)	$ (1,166)	$ 1,766	$ 36,863

(a) See analysis related to valuation allowances on certain deferred tax assets subsequently discussed.

(b) Changes in the tax laws of two jurisdictions in 2007 had a significant effect on Old GM's consolidated financial statements as follows:

- In December 2007 the Canadian government enacted legislation to reduce its combined statutory corporate tax rates by 3.5% in addition to a 0.5% rate reduction enacted in June 2007. The combined 4.0% reduction will be phased in gradually over a period of five years which began in 2008. The valuation allowance subsequently discussed has been adjusted to reflect this change in statutory rates.
- In July 2007 the German Parliament passed legislation to lower its statutory corporate tax rate. This legislation was signed into law in August 2007. This new law reduces by 9.0%, effective at January 1, 2008, the combined German business tax rate, which is comprised of the corporate tax rate, the local trade tax rate, and the solidarity levy tax rate. The effect of this change was a reduction in the carrying amount of Old GM's German deferred tax assets of $475 million, which is included in the charge related to the valuation allowance subsequently discussed.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2009 and 2008 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	Successor December 31, 2009 Deferred Tax		Predecessor December 31, 2008 Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Postretirement benefits other than pensions	$ 4,194	$ —	$ 11,610	$ —
Pension and other employee benefit plans	8,876	406	16,171	8,648
Warranties, dealer and customer allowances, claims and discounts	3,940	75	6,682	90
Property, plants and equipment	7,709	278	7,429	3,197
Intangible assets	1,650	4,984	780	—
Tax carryforwards	18,880	—	18,080	—
Miscellaneous U.S.	5,844	1,269	8,122	288
Miscellaneous non-U.S.	3,306	1,944	3,485	773
Subtotal	54,399	8,956	72,359	12,996
Valuation allowances	(45,281)	—	(59,777)	—
Total deferred taxes	9,118	$ 8,956	12,582	$12,996
Net deferred tax assets (liabilities)	$ 162		$ (414)	

The following table summarizes deferred tax assets and liabilities (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Current deferred tax assets	$ 462	$ 138
Current deferred tax liabilities	(57)	(87)
Non-current deferred tax assets	564	98
Non-current deferred tax liabilities	(807)	(563)
Net deferred tax assets (liabilities)	$ 162	$ (414)

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2009 (dollars in millions):

	Expiration Dates	Amounts
U.S. federal and state net operating loss carryforwards	2010-2029	$ 9,115
Non-U.S. net operating loss and tax credit carryforwards	Indefinite	1,830
Non-U.S. net operating loss and tax credit carryforwards	2009-2029	3,027
U.S. alternative minimum tax credit	Indefinite	660
U.S. general business credits (a)	2012-2029	1,689
U.S. foreign tax credits	2011-2018	2,559
Total		$ 18,880

(a) The general business credits are principally comprised of research and experimentation credits.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance and related considerations (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ 42,666	$ 59,777	$ 42,208	$ 6,523
Additions (Reversals)				
U.S.	2,226	(14,474)	14,146	31,072
Canada	405	(802)	759	2,435
Germany	67	(792)	140	1,927
Spain	(40)	(200)	1,109	31
Brazil	1	(442)	(135)	16
South Korea	(221)	321	724	—
Australia	7	190	340	—
U.K.	109	62	330	—
Sweden	33	(1,057)	(58)	1,232
Other	28	83	214	(1,028)
Ending balance	$ 45,281	$ 42,666	$ 59,777	$ 42,208

In July 2009, as a result of the 363 Sale and fresh-start reporting, adjustments were required to valuation allowances, which resulted in a net decrease in valuation allowances of $20.7 billion. The net decrease was primarily the result of a U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between the fresh-start reporting fair value and tax bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, and a foreign tax attribute reduction of $0.9 billion and release of allowances of $0.7 billion.

Old GM Valuation Allowance Reversals

Brazil – In 2005 Old GM recorded full valuation allowances against its net deferred tax assets in Brazil. Old GM generated taxable income in Brazil in each of the years 2006 through 2008 and, accordingly, reversed a portion of these valuation allowances. Although Old GM was forecasting future taxable income for its Brazilian operation at the end of 2008, as a result of liquidity concerns at the U.S. parent company and the increasing instability of the global economic environment, Old GM concluded that it was more likely than not that it would not realize the net deferred tax assets in Brazil at December 31, 2008. The U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and the Brazilian operations continue to demonstrate the ability to generate taxable income. As it is now more likely than not that the net deferred tax assets in Brazil will be realized, Old GM reversed the associated valuation allowance of $465 million. This amount is included in Income tax expense (benefit) in the period January 1, 2009 through July 9, 2009.

Other jurisdictions – In the three months ended December 31, 2008 significant additional concerns arose related to the U.S. parent company's liquidity and the increasing instability of the global economic environment. As a result, Old GM determined that it was more likely than not that it would not realize the net deferred tax assets in most remaining jurisdictions, even though these entities were not in three-year adjusted cumulative loss positions. Old GM established additional valuation allowances of $481 million against net deferred tax assets of entities in Argentina, Austria, Belgium, Brazil (separate legal entity from that previously discussed), Chile, Colombia, Ecuador, Finland, Germany (separate legal entities from that subsequently discussed), Hungary, Indonesia, Ireland, Italy, Kenya, South Korea (separate legal entity from that subsequently discussed), Netherlands, New Zealand, Norway, Peru, Philippines,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Poland, Portugal, Russia, South Africa, Switzerland, Taiwan, Turkey, Uruguay, U.S. state jurisdiction (Texas), and Venezuela. The U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many of these entities continue to generate and forecast taxable income. Therefore, to the extent there was no other significant negative evidence, Old GM concluded that it is more likely than not that Old GM will realize the deferred tax assets in these jurisdictions and reversed valuation allowances of $286 million. This amount is included in Income tax expense (benefit) in the period January 1, 2009 through July 9, 2009.

Other Valuation Allowances

South Korea – In the three months ended December 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in South Korea and recorded full valuation allowances of $725 million against its net deferred tax assets in South Korea. Old GM was in a three-year adjusted cumulative loss position and its near-term and mid-term financial outlook for automotive market conditions was more challenging than believed in the three months ended September 30, 2008.

Australia – In the three months ended December 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in Australia and recorded a full valuation allowance of $284 million against Old GM's net deferred tax assets in these tax jurisdictions. Old GM was in a three-year adjusted cumulative loss position in 2008 and anticipated being in such a position throughout the mid-term forecast period. The current economic downturn has affected Australian forecasted production volumes and caused significant actual and forecast pre-tax profit deterioration in the three months ended December 31, 2008.

United Kingdom and Spain – In the three months ended March 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in Spain and the United Kingdom and recorded full valuation allowances of $379 million against Old GM's net deferred tax assets in these tax jurisdictions.

In the United Kingdom, Old GM was in a three-year adjusted cumulative loss position and its near-term and mid-term financial outlook for automotive market conditions was more challenging than believed in the three months ended December 31, 2007. Old GM's outlook deteriorated based on its projections of the combined effects of the challenging foreign currency exchange environment and unfavorable commodity prices. Additionally, Old GM increased its estimate of the potential costs that may arise from the regulatory and tax environment relating to CO_2 emissions in the European Union (EU), including legislation enacted or announced in 2008.

In Spain, although Old GM was not in a three-year adjusted cumulative loss position its near-term and mid-term financial outlook deteriorated significantly in the three months ended March 31, 2008 such that Old GM anticipated being in a three-year adjusted cumulative loss position in the near- and mid-term. In Spain, as in the United Kingdom, Old GM's outlook deteriorated based on its projections of the combined effects of the foreign currency exchange environment and commodity prices, including its estimate of the potential costs that may arise from the regulatory and tax environment relating to CO_2 emissions.

Old GM established a valuation allowance in the year ended 2007 against its Spanish deferred tax assets related to investment tax credits, which Old GM does not expect will be realizable under a more likely than not threshold.

United States, Canada and Germany – In the three months ended September 30, 2007 Old GM recorded a charge of $39.0 billion related to establishing full valuation allowances against its net deferred tax assets in the U.S., Canada and Germany. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. Old GM utilized a rolling twelve quarters of results as a measure of its cumulative losses in recent years. Old GM then adjusted those historical results to remove certain unusual items and charges. In the U.S., Canada and Germany, Old GM's analysis performed in the three months ended September 30, 2007 indicated that it had cumulative three year historical losses on an adjusted basis. This is considered significant negative evidence which is objective and verifiable and therefore, difficult

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to overcome. In addition, Old GM's near-term financial outlook in the U.S., Canada and Germany deteriorated in the three months ended December 31, 2007. While Old GM's long-term financial outlook in the U.S., Canada and Germany was positive at the time of the analysis, Old GM concluded that its ability to rely on its long-term outlook as to future taxable income was limited due to uncertainty created by the weight of the negative evidence, particularly:

- The possibility for continued or increasing price competition in the highly competitive U.S. market. This was seen in the three months ended September 30, 2007 when a competitor introduced its new fullsize trucks and offered customer incentives to gain market share. Accordingly, Old GM increased customer incentives on its recently launched fullsize trucks, which were not previously anticipated;
- Continued volatile oil prices and the possible effect that may have on consumer preferences related to Old GM's most profitable products, fullsize trucks and sport utility vehicles;
- Uncertainty over the effect on Old GM's cost structure from more stringent U.S. fuel economy and global emissions standards which may require Old GM to sell a significant volume of alternative fuel vehicles across its portfolio;
- Uncertainty as to the future operating results of GMAC's mortgage business, and
- Acceleration of tax deductions for OPEB liabilities as compared to prior expectations due to changes associated with the 2008 UAW Settlement Agreement.

Accordingly, based on these circumstances and uncertainty regarding Old GM's future taxable income, Old GM recorded full valuation allowances against these net deferred tax assets in the three months ended September 30, 2007.

Sweden – Saab filed for bankruptcy protection under the laws of Sweden in February 2009 and was deconsolidated. Though reconsolidated in August, Saab's assets and liabilities were classified as held for sale. As a result, Saab deferred income taxes and associated valuation allowances, included in our consolidated amounts in years prior to 2009, are not included subsequent to its February 2009 deconsolidation.

If, in the future, we generate three-year adjusted cumulative profits in tax jurisdictions where we have recorded full valuation allowances, our conclusion regarding the need for valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of such valuation allowances. If we generate taxable income in tax jurisdictions prior to overcoming negative evidence such as a three-year adjusted cumulative loss, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

At December 31, 2009 the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances was $5.4 billion and $618 million. At December 31, 2008 the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances was $2.8 billion and ($26) million. At December 31, 2009 and 2008 $4.0 billion and $1.2 billion of the liability for uncertain tax positions reduced deferred tax assets relating to the same tax jurisdictions. The remaining uncertain tax positions are classified as a non-current asset or liability.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 4,096	$ 2,803	$ 2,754
Additions to tax positions recorded in the current year	1,454	1,493	208
Additions to tax positions recorded in prior years	22	594	751
Reductions to tax positions recorded in the current year	(44)	(25)	(47)
Reductions to tax positions recorded in prior years	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	—	(281)	—
Settlements	(111)	(16)	(275)
Other	121	154	137
Ending balance	$ 5,410	$ 4,096	$ 2,803

The following tables summarize information regarding interest and penalties (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ —	$ 249	$ 26
Interest expense (benefit)	$ 30	$ (31)	$ 13
Penalties	$ —	$ 30	$ 4

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Accrued interest receivable	$ 10	$ 129
Accrued interest payable	$ 275	$ 198
Accrued penalties	$ 137	$ 90

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes. We have applied for, and expect approval of a ruling from the German tax authorities regarding the availability of those losses. If approved, we should be able to continue to carry over those losses despite the reorganizations that have taken place in Germany in 2008 and 2009. In Australia, we have net operating loss carryforwards which are now subject to meeting an annual "Same Business Test" requirement. We will have to assess the ability to utilize these carryforward losses annually.

In the U.S., Old GM federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM federal tax returns for 2007 and 2008. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), a pre-file examination process. Our July 10, 2009 through December 31, 2009 tax year is also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. We have continuing responsibility for Old GM's open tax years. We record, and Old GM previously recorded, a tax benefit only for those positions that meet the more likely than not standard.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010. We do not anticipate significant adjustments will result from these final closings.

Within the next twelve months, we expect to reach agreement with the IRS on all issues affecting Old GM federal returns and our July 10, 2009 through December 31, 2009 federal return. We believe we have adequate reserves established, and any outcome will not have a material effect on our results of operations, financial position or cash flows. At December 31, 2009 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits over the next 12 months.

Note 23. Fair Value Measurements

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Equity	15	17	—	32
United States government and agency	—	19	—	19
Mortgage and asset-backed	—	22	—	22
Certificates of deposit	—	8	—	8
Foreign government	—	24	—	24
Corporate debt	—	29	—	29
Restricted cash				
Money market funds	12,662	—	—	12,662
Government of Canada bonds	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$ 20,177	$ 4,889	$ 33	$ 25,099
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$ 705	$ 714
Total liabilities	$ —	$ 9	$ 705	$ 714

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	Fair Value Measurements on a Recurring Basis at December 31, 2008			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents				
Certificates of deposit	$ —	$ 2,375	$ —	$ 2,375
Commercial paper	—	1,645	—	1,645
Marketable securities				
Equity	9	15	—	24
United States government and agency	—	4	—	4
Mortgage- and asset-backed	—	—	66	66
Certificates of deposit	—	11	—	11
Foreign government	—	19	—	19
Corporate debt	—	17	—	17
Restricted cash				
Certificates of deposit	—	26	—	26
Commercial paper	—	59	—	59
Other assets				
Equity	5	—	—	5
Derivatives				
Interest rate swaps	—	368	3	371
Foreign currency	—	1,228	—	1,228
Commodity	—	35	1	36
Total assets	$ 14	$ 5,802	$ 70	$ 5,886
Liabilities				
Derivatives				
Cross currency swaps	$ —	$ 377	$ —	$ 377
Interest rate swaps	—	3	3	6
Foreign currency	—	258	2,144	2,402
Commodity	—	571	18	589
Other	—	—	164	164
Total liabilities	$ —	$ 1,209	$ 2,329	$ 3,538

Transfers In and/or Out of Level 3

At June 30, 2009 Old GM's mortgage- and asset-backed securities were transferred from Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

For periods presented after June 1, 2009 nonperformance risk for us and Old GM was not observable through the credit default swap market as a result of the Chapter 11 Proceedings and the lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3. Our nonperformance risk remains not directly observable through the credit default swap market at December 31, 2009 and accordingly the derivative contracts for certain foreign subsidiaries remain classified in Level 3.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Accordingly, foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

In December 2008 Old GM transferred foreign currency derivatives with a fair value of $2.1 billion from Level 2 to Level 3. These derivatives relate to certain of Old GM's foreign consolidated subsidiaries where Old GM was not able to determine observable credit

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ratings. Prior to December 31, 2008, these derivatives were valued based on our credit rating which was observable through the credit default swap market. At December 31, 2008 the fair value of these foreign currency derivative contracts was estimated based on the credit rating of comparable local companies with similar credit profiles and observable credit ratings together with internal bank credit ratings obtained from the subsidiary's lenders.

The following tables summarize the activity in the balance sheet accounts for financial instruments classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities(a)	Commodity Derivatives, Net(b)	Foreign Currency Derivatives(c)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at July 10, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in Other comprehensive loss	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 214	$ —	$ —	$ 214

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities(a)	Commodity Derivatives, Net(b)	Foreign Currency Derivatives(c)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$ (17)	$ (2,144)	$ (164)	$ 17	$ (2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in Other comprehensive loss	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$ —	$ 28

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	Level 3 Financial Assets and (Liabilities)						
	Mortgage-backed Securities(a)	Commodity Derivatives(b)	Foreign Currency Derivatives(c)	Corporate Debt Securities(a)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at January 1, 2008	$ 283	$ 257	$ —	$ 28	$ —	$ 260	$ 828
Total realized/unrealized gains (losses)							
Included in earnings	(39)	28	—	23	—	(65)	(53)
Included in Other comprehensive loss	1	—	—	—	—	7	8
Purchases, issuances and settlements	(196)	(302)	—	(51)	(164)	(185)	(898)
Transfer in and/or out of Level 3	—	—	(2,144)	—	—	—	(2,144)
Balance at December 31, 2008	$ 49	$ (17)	$ (2,144)	$ —	$ (164)	$ 17	$ (2,259)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ (6)	$ 28	$ (775)	$ —	$ —	$ (1)	$ (754)

(a) Realized gains (losses) and other than temporary impairments on marketable securities (including the UST warrants outstanding until the closing of the 363 Sale) are recorded in Interest income and other non-operating income, net.

(b) Prior to July 10, 2009 realized and unrealized gains (losses) on commodity derivatives are recorded in Cost of sales. Changes in fair value are attributable to changes in base metal and precious metal prices. Beginning July 10, 2009 realized and unrealized gains (losses) on commodity derivatives are recorded in Interest income and other non-operating income, net.

(c) Prior to July 10, 2009 realized and unrealized gains (losses) on foreign currency derivatives are recorded in the line item associated with the economically hedged item. Beginning July 10, 2009 realized and unrealized gains (losses) on foreign currency derivatives are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income (loss).

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

Old GM determined the fair value of debt based on quoted market prices for the same or similar issues or based on the current rates offered for debt of similar remaining maturities.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt including capital leases for which it is practical to estimate fair value (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Carrying amount (a)	$ 15,783	$ 45,938
Fair value (a)	$ 16,024	$ 16,986

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 24. Restructuring and Other Initiatives

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are primarily recorded in Cost of sales and Selling, general and administrative expense.

In May 2009 Old GM and the UAW entered into an agreement that suspended the JOBS Program which was replaced with the SUB and TSP. These job security programs provide reduced wages and employees continue to receive coverage under certain employee benefit programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees.

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed careful analyses of volumes and consumer satisfaction indexes, among other criteria. Wind-down agreements with over 2,000 retail dealers have been executed. The retail dealers executing wind-down agreements have agreed to terminate their dealer agreements with us prior to October 31, 2010. Our plan was to reduce dealerships in the United States and Canada to approximately 3,600 to 4,000 and 450 to 480 in the long-term. However, in December 2009 President Obama signed legislation giving U.S. dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in over 600 letters of intent sent to dealers, containing our core business criteria for operation of a dealership, which upon compliance by the dealer, would result in reinstatement of the dealership. We expect to have the overall arbitration and reinstatement process fundamentally resolved in 2010. Due to the reinstatement of dealerships and the uncertainty of the outcome of the remaining binding arbitration cases we expect the number of dealerships in our network to exceed the previously estimated range.

Refer to Note 25 for asset impairment charges related to our restructuring initiatives and Note 19 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

The following table summarizes restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor			
	GMNA	GME	GMIO	Total
Balance at July 10, 2009	$2,905	$433	$ 48	$ 3,386
Additions	44	37	85	166
Interest accretion and other	15	35	—	50
Payments	(994)	(61)	(128)	(1,183)
Revisions to estimates	30	—	(2)	28
Effect of foreign currency	88	7	4	99
Balance at December 31, 2009 (a)	$2,088	$451	$ 7	$ 2,546

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	GMNA	GME	GMIO	Total
Balance at January 1, 2007	$ 1,339	$ 407	$ 5	$ 1,751
Additions	382	537	63	982
Interest accretion and other	21	30	—	51
Payments	(872)	(439)	(65)	(1,376)
Revisions to estimates	(67)	(15)	—	(82)
Effect of foreign currency	65	60	1	126
Balance at December 31, 2007	868	580	4	1,452
Additions	2,165	242	130	2,537
Interest accretion and other	41	62	—	103
Payments	(745)	(368)	(53)	(1,166)
Revisions to estimates	320	(18)	(3)	299
Effect of foreign currency	(193)	(30)	(20)	(243)
Balance at December 31, 2008	2,456	468	58	2,982
Additions	1,835	20	65	1,920
Interest accretion and other	16	11	—	27
Payments	(1,014)	(65)	(91)	(1,170)
Revisions to estimates	(401)	—	9	(392)
Effect of foreign currency	50	(1)	7	56
Balance at July 9, 2009	2,942	433	48	3,423
Effect of application of fresh-start reporting	(37)	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 48	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that increased the restructuring reserves by $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.

- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees, such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $83 million in the period July 10, 2009 through December 31, 2009, which includes separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	$ 460	$ 41	$ 501

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships related to the decision in September 2009 to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us.

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Program and the Second 2009 Special Attrition Program.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $74 million in the period January 1, 2009 through July 9, 2009 for separation programs primarily related to the following initiatives:

- Separation charges of $48 million related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.
- Separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$ 118	$516

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs, having previously recorded $341 million in the year ended 2007.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

GMIO recorded charges and revisions to estimates of $127 million in the year ended 2008 primarily related to separation charges of $51 million in South Africa and South America, and separation charges of $76 million related to a facility idling in Australia.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $336 million in the year ended 2007 for separation programs related to the following initiatives:

- Postemployment benefit costs of $364 million, which was comprised of $333 million for previously announced capacity actions in the U.S. and Canada and $31 million for special attrition programs.
- Revisions to estimates to decrease the reserve of $67 million.
- Separation charges of $18 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GME recorded charges, interest accretion and other, and revisions to estimates of $552 million in the year ended 2007 for separation programs related to the following initiatives:

- Separation charges in Belgium of $341 million related to current and previously announced programs.
- Separation charges in Germany of $151 million and postemployment liability adjustments of $21 million. These charges and adjustments were primarily related to early retirement programs, along with additional minor separations.
- Separation charges of $45 million related to initiatives announced in 2006. These included separations in Sweden and the United Kingdom and the closure of the Portugal assembly facility.
- Revisions to estimates to decrease the reserve of $15 million related to programs in Germany and Belgium.

GMIO recorded charges of $63 million in the year ended 2007 primarily related to charges of $22 million for employee separations in Brazil and charges of $41 million related to a voluntary employee separation program in Australia.

Note 25. Impairments

The following table summarizes impairment charges (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
GMNA				
Goodwill	$ —	$ —	$ 154	$ —
Intangibles assets	21	—	—	—
Product-specific tooling assets	1	278	291	240
Cancelled powertrain programs	—	42	120	—
Equity and cost method investments	4	28	119	—
Vehicles leased to rental car companies	—	11	160	44
Automotive retail leases (a)	—	—	220	—
Other than temporary impairment charges on debt and equity securities (b)	—	—	47	72
Total GMNA impairment charges	26	359	1,111	356
GME				
Goodwill	—	—	456	—
Product-specific tooling assets	—	237	497	—
Vehicles leased to rental car companies	18	36	222	90
Total GME impairment charges	18	273	1,175	90
GMIO				
Product-specific tooling assets	1	7	72	19
Asset impairment charges related to restructuring initiatives	—	—	30	—
Other long-lived assets	—	2	—	—
Total GMIO impairment charges	1	9	102	19
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	11	15	—
Automotive retail leases	—	16	157	—
GMAC Common Membership Interests	—	—	7,099	—
GMAC common stock	270	—	—	—
GMAC Preferred Membership Interests	—	—	1,001	—
Total Corporate impairment charges	270	27	8,272	—
Total impairment charges	$ 315	$ 668	$ 10,660	$ 465

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) The year ended 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 6 and Note 23 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis. The impairment charges were recorded in Interest income and other non-operating income, net.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

	Successor	Fair Value Measurements Using			
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets (b)	$ —	—	—	$ —	$ (2)
Equity and cost method investments (other than GMAC)	$ 1	—	—	$ 1	$ (4)
Vehicles leased to rental car companies (c)	$ 543-567	—	—	$ 543-567	$ (18)
GMAC common stock	$ 970	—	—	$ 970	$ (270)
Intangible assets	$ —	—	—	$ —	$ (21)
					$ (315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 and in the fourth quarter of 2009 we recorded impairment charges of $1 million each to write down product-specific tooling assets to their fair value of $0.

(c) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the fourth quarter we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

	Predecessor	Fair Value Measurements Using			
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets(b)	$ 0-85	—	—	$ 0-85	$ (522)
Cancelled powertrain programs	$ —	—	—	$ —	$ (42)
Other long-lived assets					
Equity and cost method investments (other than	$ —	—	—	$ —	$ (2)
GMAC)	$ —	—	—	$ —	$ (28)
Vehicles leased to rental car companies(c)	539-			539-	
Automotive retail leases	$ 2,057	—	—	$ 2,057	$ (47)
	$ 1,519	—	—	$ 1,519	$ (16)
					$ (657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the first quarter we recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the second quarter we recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the first quarter we recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the second quarter we recorded impairment charges of $17 million to write down vehicles leased to

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 we recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

		Fair Value Measurements Using Predecessor			
	Year Ended December 31, 2008 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2008 Total Losses
GMAC Common Membership interests (b)	612-			612-	
GMAC Preferred Membership interests (c)	$ 5,391	—	—	$ 5,391	$ (7,099)
	$ 43-902	—	—	$ 43-902	$ (1,001)
Equity and Cost Method Investments (other than GMAC) (d)	$ 0-6	—	—	$ 0-6	$ (119)
					$ (8,219)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the first quarter we recorded an impairment charge of $1.3 billion to write down our investment in GMAC Common Membership Interests to its fair value of $5.4 billion. In the second quarter we recorded an impairment charge of $726 million to write down our investment in GMAC Common Membership Interests to its fair value of $3.5 billion. In the fourth quarter we recorded an impairment charge of $5.1 billion to write down our investment in GMAC Common Membership Interests to its fair value of $612 million.

(c) In the first quarter we recorded an impairment charge of $142 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $902 million. In the second quarter we recorded an impairment charge of $608 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $294 million. In the third quarter we recorded an impairment charge of $251 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $43 million.

(d) In the fourth quarter, we recorded an impairment charge related to our investment in NUMMI of $94 million to write our investment down to its fair value of $0 and an impairment charge related to our investment in CAMI of $25 million to write our investment down to its fair value of $6 million.

As a result of the adoption of ASC 820-10 in January 2009 fair value disclosures related to nonfinancial assets and liabilities measured on a nonrecurring basis for the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 are subsequently discussed.

GM

July 10, 2009 Through December 31, 2009

GMNA

Intangible assets related to product-specific technology were adjusted to their fair value at the time of impairment, resulting in impairment charges of $21 million in the period July 10, 2009 through December 31, 2009. Fair value measurements utilized projected cash flows, discounted at a rate commensurate with the perceived business risks related to technology.

GMNA recorded contract cancellation charges of $80 million related to the cancellation of certain product programs.

GME

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $18 million in the period July 10, 2009 through December 31, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMIO

GMIO recorded contract cancellation charges of $2 million related to the cancellation of certain product programs.

Corporate

At July 10, 2009 our application of fresh-start reporting resulted in adjustments of $1.3 billion and $629 million to our investments in GMAC common and GMAC preferred stock to record these investments at their estimated fair value of $1.3 billion and $665 million. In the period July 10, 2009 through December 31, 2009 we received distributions on GMAC common stock of $72 million which decreased the carrying amount of our investment in GMAC common stock.

At December 31, 2009 we determined that indicators were present that suggested our investments in GMAC common and preferred stock could be impaired. Such indicators included the continuing deterioration in GMAC's mortgage operations, as evidenced by the strategic actions GMAC took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in GMAC recording an increase in its provision for loan losses of $2.4 billion in the fourth quarter of 2009. These indicators also included GMAC's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009, which diluted our investment in GMAC common stock from 24.5% to 16.6%.

As a result of these impairment indicators, we evaluated the fair value of our investments in GMAC common and preferred stock and recorded an impairment charge of $270 million related to our GMAC common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

January 1, 2009 Through July 9, 2009

GMNA

Product-specific tooling assets were adjusted to their fair value at the time of impairment, resulting in impairment charges of $278 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

Cancelled powertrain programs were adjusted to their fair value at the time of impairment, resulting in impairment charges of $42 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized discounted projected cash flows.

GMNA recorded contract cancellation charges of $157 million related to the cancellation of certain product programs.

CAMI at the time an equity method investee, was adjusted to its fair value, resulting in an impairment charge of $28 million in the three months ended March 31, 2009. The fair value measurement utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the investment. In March 2009 Old GM determined that due to changes in contractual arrangements, CAMI became a VIE and Old GM was the primary beneficiary, and therefore CAMI was consolidated.

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $11 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GME

Product-specific tooling assets were adjusted to their fair value at the time of impairments, resulting in impairment charges of $237 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

GME recorded contract cancellation charges of $12 million related to the cancellation of certain product programs.

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $36 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

GMIO

Product-specific tooling assets were adjusted to their fair value at the time of impairments, resulting in impairment charges of $7 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized certain Level 3 inputs, which included projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

GMIO recorded contract cancellation charges of $8 million related to the cancellation of certain product programs.

Corporate

Automotive retail leases were adjusted to their fair value at the time of impairment, resulting in impairment charges of $16 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

2008

GMNA

Goodwill impairment charges of $154 million in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Fair value measurements utilized discounted projected cash flows.

NUMMI and CAMI, at the time were equity method investees involved in various aspects of the development and production of vehicles, were adjusted to their fair value, resulting in impairment charges of $94 million and $25 million in the year ended 2008. Fair value measurements utilized projected cash flows, discounted at a rate commensurate with the perceived business risks related to the investments.

GME

Goodwill impairment charges of $456 million in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Fair value measurements utilized discounted projected cash flows.

Corporate

In 2008 recessions in the United States and Western Europe and a slowdown in economic growth in the rest of the world negatively affected residential and homebuilding markets and consumer demand for less fuel efficient vehicles, particularly fullsize trucks and sport utility vehicles. In addition, instability of the credit and mortgage markets resulted in an extreme lack of liquidity resulting in prominent North American financial institutions declaring bankruptcy, being seized by the Federal Deposit Insurance Corporation or being sold at distressed valuations, and culminated in the U.S. and foreign governments providing various forms of capital infusions

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to financial institutions. These economic factors negatively affected GMAC's global automotive business as well as GMAC's mortgage operations, which resulted in significant losses including impairment charges of $1.2 billion on GMAC's portfolio of automotive retail leases in the year ended 2008. As a result of these events, Old GM evaluated its investments in GMAC Common and Preferred Membership Interests, determined that they were impaired and recorded impairment charges on these investments of $7.1 billion and $1.0 billion in the year ended 2008.

In order to determine the fair value of Old GM's investment in GMAC Common Membership Interests at March 31, June 30 and September 30, 2008, Old GM determined GMAC's fair value by applying various valuation techniques, which used Level 3 inputs, to its significant business units and then applied its 49% equity interest to the resulting fair value.

- Auto Finance – Old GM obtained industry data, such as equity and earnings ratios for other industry participants, and developed average multiples for these companies based upon a comparison of their businesses to Auto Finance.

- Insurance – Old GM developed a peer group, based upon such factors as equity and earnings ratios and developed average multiples for these companies.

- Mortgage Operations – Old GM previously obtained industry data for an industry participant that Old GM believed to be comparable, and also utilized the implied valuation based on an acquisition of an industry participant who was believed to be comparable. Due to prevailing market conditions at September 30, 2008 Old GM did not believe that comparable industry participants existed; however, Old GM believed that previously available data, in conjunction with certain publicly available information incorporated into the analysis, resulted in an appropriate valuation at September 30, 2008.

- Commercial Finance Group – Old GM obtained industry data, such as price to earnings ratios, for other industry participants, and developed average multiples for these companies based upon a comparison of their businesses to the Commercial Finance Group.

At December 31, 2008 Old GM's determination of the fair value of GMAC Common Membership Interests used data from GMAC's discussions with the Board of Governors of the Federal Reserve System for approval to become a Bank Holding Company under the Bank Holding Company Act of 1956, as amended, in addition to Old GM's and GMAC's negotiations with the UST regarding potential borrowings or other capital infusions under the Automotive Industry Financing Program. As part of this process, Old GM and FIM Holdings agreed to convert Old GM's interests in the GMAC Participation Agreement to GMAC Common Membership Interests in December 2008, and to purchase additional GMAC Common Membership Interests subsequent to December 2008. The conversion of the GMAC Participation Agreement and the subsequent purchase of additional GMAC Common Membership Interests utilized a specified value per GMAC Common Membership Interest as determined and agreed to by the relevant parties to the various transactions, which Old GM subsequently utilized in its determination of GMAC's fair value, as it was believed the per share value was representative of fair value. Refer to Note 30 for additional information on the GMAC Participation Agreement.

In order to determine the fair value of Old GM's investment in GMAC Preferred Membership Interests at December 31, 2008, Old GM applied valuation techniques, which used certain Level 3 inputs, to various characteristics of the GMAC Preferred Membership Interests as follows:

- Using information as to the pricing on similar investments and changes in yields of other GMAC securities, Old GM developed a discount rate for the valuation.

- Using assumptions as to the receipt of dividends on the GMAC Preferred Membership Interests, the expected call date and a discounted cash flow model, Old GM developed a present value of the related cash flows.

At March 31, June 30, and September 30, 2008 Old GM also used these valuation techniques but the assumptions used at each valuation date varied due to differing market conditions in these periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 26. Other Expenses, net

The following table summarizes the components of Other expenses, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Operating and other expenses (income)	$ (35)	$ 22	$ 409	$ 545
Pension benefits for certain current and future retirees of Delphi	—	—	—	552
Deconsolidation of Saab expenses, net	(60)	824	—	—
Saab impairment charges	—	88	—	—
Delphi related charges (Note 21)	8	184	4,797	1,547
Depreciation and amortization expense	89	101	749	1,259
Goodwill impairment charges (Note 25)	—	—	610	—
Interest expense	13	16	134	405
Total other expenses, net	$ 15	$ 1,235	$ 6,699	$ 4,308

Interest expense and depreciation and amortization expense recorded in Other expenses, net relates to a portfolio of automotive retail leases.

Note 27. Stockholders' Equity (Deficit) and Noncontrolling Interests

GM

Common Stock

We have 2.5 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2009 we had 500 million shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our preferred stock, if any such shares are then outstanding. Pursuant to the terms of a Stockholders Agreement we entered into with certain of our stockholders, certain holders of our common stock are entitled to preemptive rights under certain circumstances.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 45.5 million shares of common stock, to MLC and one warrant to acquire 15.2 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $30.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $55.00 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015 at an exercise price of $126.92 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for KRW 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$ (4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$ (4,320)

Old GM

Preferred Stock

Old GM had 6 million shares of preferred stock authorized, without par value. The preferred stock ranked senior to its common stock and any other class of stock it previously issued. Holders of preferred stock were entitled to receive cumulative dividends, when and as declared by Old GM's Board of Directors on a quarterly basis. Old GM had no shares of preferred stock issued and outstanding at December 31, 2008.

Preference Stock

Old GM had 100 million shares of preference stock authorized, with a par value of $0.10. The preference stock was issuable in series with such voting powers, designations, powers, privileges, and rights and such qualifications, limits, or restrictions as may be determined by Old GM's Board of Directors, without stockholder approval. The preference stock ranked junior to Old GM's preferred stock and senior to its common stock. Holders of preference stock were entitled to receive dividends, which may or may not have been cumulative when and as declared by Old GM's Board of Directors. Old GM had no shares of preference stock issued and outstanding at December 31, 2008.

Common Stock

Old GM had 2.0 billion shares of common stock authorized, with a par value of $1 2/3. Old GM had 801 million shares issued and 610 million shares outstanding at December 31, 2008.

Warrants

As additional consideration for entering into the UST Loan Agreement, Old GM issued warrants to the UST for 122 million shares of common stock exercisable at $3.57 per share, which was 19.99% of the number of shares of common stock outstanding at December 31, 2008. The warrants were perpetual and were assigned a fair value of $164 million at December 31, 2008. In determining this value, Old GM utilized the observable market value of tradable call options on its common stock. The difference in terms between the warrants and the observable call options on its common stock was determined to have an insignificant effect on the value of the warrants. Key inputs in the value of the call options were Old GM's common stock price and its expected volatility on common stock returns. An increase of 10% in Old GM's common stock price would have increased the fair value of the warrants by

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

$28 million and a decrease of 10% in Old GM's common stock price would have decreased the fair value of the warrants by $26 million. An increase or decrease in volatility of 10% would have caused an increase or decrease in the fair value of the warrants of $16 million. As the warrants did not meet the accounting requirements to be classified as an equity instrument, the warrants were recorded in Other liabilities and because the warrants met the definition of a derivative, they were recorded at fair value prospectively, with changes in fair value recognized in earnings. Old GM was entitled to repurchase the warrants or shares issued through the exercise of the warrants at fair value once it had repaid amounts outstanding under the UST Loan Agreement. In connection with the 363 Sale, the UST returned the warrants previously issued to it from Old GM.

Treasury Stock

Old GM held 190 million shares of treasury stock, net of re-issuances, at December 31, 2008. Old GM accounted for treasury stock at cost, with the amount in excess of par value charged to Capital surplus (principally additional paid-in capital).

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes:

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Foreign currency translation adjustments	$ 157	$ (2,122)	$ (967)
Net unrealized gain (loss) on derivatives	(1)	(490)	321
Net unrealized gain (loss) on securities	2	(33)	265
Defined benefit plans, net	1,430	(29,694)	(13,606)
Accumulated other comprehensive income (loss)	$ 1,588	$ (32,339)	$ (13,987)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders:

	Successor July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Credit)	Net Amount
Foreign currency translation adjustments	$ 135	$ 11	$ 124
Net unrealized gain on derivatives	(1)	—	(1)
Unrealized gain on securities	7	5	2
Defined benefit plans			
Prior service cost from plan amendments	112	130	(18)
Actuarial gain from plan measurements	2,702	1,247	1,455
Less: amortization of actuarial loss included in net periodic benefit cost	(6)	1	(7)
Net actuarial amounts	2,696	1,248	1,448
Defined benefit plans, net	2,808	1,378	1,430
Other comprehensive income (loss)	2,949	1,394	1,555
Less: other comprehensive (income) loss attributable to noncontrolling interests	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$ 2,982	$ 1,394	$ 1,588

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor								
	January 1, 2009 Through July 9, 2009			Years Ended December 31,					
				2008			2007		
	Pre-tax Amount	Tax Expense (Credit)	Net Amount	Pre-tax Amount	Tax Expense (Credit)	Net Amount	Pre-tax Amount	Tax Expense (Credit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)	$ 807	$ (220)	$ 1,027
Net unrealized gain (loss) on derivatives	145	(131)	276	(1,284)	(53)	(1,231)	(452)	(142)	(310)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)	(23)	(6)	(17)
Defined benefit plans									
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450	(2,813)	(700)	(2,113)
Amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)	(5)	73	(78)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)	(2,818)	(627)	(2,191)
Actuarial gain (loss) from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)	8,910	2,066	6,844
Amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365	1,723	331	1,392
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)	10,633	2,397	8,236
Net transition assets from plan initiations	6	1	5	—	—	—	—	—	—
Amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8	2	4	(2)
Net transition amounts	1	—	1	11	3	8	2	4	(2)
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)	7,817	1,774	6,043
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)	8,149	1,406	6,743
Less: other comprehensive (income) loss attributable to noncontrolling interests	92	—	92	(581)	—	(581)	(340)	(97)	(243)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)	$ 8,489	$1,503	$ 6,986

Note 28. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share have been computed by dividing Income (loss) from continuing operations attributable to common stockholders, Income from discontinued operations attributable to common stockholders or Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Basic				
Income (loss) from continuing operations attributable to common stockholders (a)	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders (a)	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Diluted				
Income (loss) from continuing operations attributable to common stockholders (a)	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders (a)	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566

(a) The period July 10, 2009 through December 31, 2009 includes accumulated but unearned dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 Revised UAW Settlement Agreement.

GM

Due to our net loss in the period July 10, 2009 through December 31, 2009 the assumed exercise of warrants outstanding had an antidilutive effect and were therefore excluded from the computation of diluted loss per share. The number of such warrants not included in the computation of diluted loss per share was 106 million in the period July 10, 2009 through December 31, 2009.

In connection with the 363 Sale, we issued 88 million shares of our common stock to the New VEBA, which were not considered outstanding for accounting purposes until December 31, 2009 as they did not qualify as plan assets. Because these shares were not considered outstanding until December 31, 2009 they did not affect the calculation of the weighted-average common shares outstanding. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

Under the Purchase Agreement, we are obligated to issue Adjustment Shares in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, under the terms of the Purchase Agreement, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. These Adjustment Shares were excluded from the computation of basic and diluted loss per share as they were not issued or outstanding at December 31, 2009 and the effect would have been anti-dilutive, however, they may be dilutive in the future.

In November and December 2009 we granted restricted stock units (RSUs) to certain global executives. Since awards will be payable in cash if settled prior to six months after a completion of a successful initial public offering, the salary stock awards are

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

excluded from the computation of diluted loss per share. At December 31, 2009 0.3 million RSUs were outstanding. Refer to Note 29 for additional information on RSUs.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. The number of stock options and warrants that were excluded in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares was 208 million.

Due to Old GM's net losses in the years ended 2008 and 2007, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. The number of such options and warrants not included in the computation of diluted loss per share was 101 million and 104 million in the years ended 2008 and 2007.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 as the conversion options in various series of convertible debentures were not in-the-money.

Note 29. Stock Incentive Plans

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan (2009 GMLTIP) and the Salary Stock Plan (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. No awards were granted under the 2009 GMLTIP in the year ended 2009.

The following table summarizes compensation expense and total Income tax expense recorded for the GMSSP (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Compensation expense	$ 23
Income tax expense	$ 8

Long-Term Incentive Plan

The 2009 GMLTIP consists of RSUs that may be granted to global executives. The RSUs provide participants with the opportunity to earn shares of stock determined by dividing the award value by the fair market value per share on the grant date. The aggregate number of shares that may be granted under this plan and the GMSSP discussed below shall not exceed 10 million shares. There were no RSUs granted under this plan in the year ended 2009.

Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards will be recorded on a straight line basis over the vesting period. The awards for the Top 25 highest compensated employees will settle in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle in 25% increments in conjunction with each 25% of the U.S. and Canadian Government loans that are repaid.

Retirement eligible participants that are non-top 25 highest compensated employees, who retire during the service period, will retain and vest a pro-rata portion of RSUs. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees will be recognized on a straight-line basis over the requisite service period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

All awards will be payable in cash if settled prior to six months after completion of an initial public offering, therefore awards granted will be classified as a liability until the completion of an initial public offering. In the event an initial public offering is completed, awards expected to settle six months after the initial public offering will be accounted for as a modification from a liability to equity award since the awards will then be required to be settled in our common stock.

Salary Stock

In November 2009 we began granting salary stock to certain global executives under the GMSSP. Under the GMSSP, a portion of each participant's total annual compensation is accrued and converted to RSUs at each salary payment date. Effective in 2010, a portion of each participant's salary accrued on each salary payment date will be converted to RSUs on a quarterly basis. The aggregate number of shares that may be granted under this plan and the 2009 GMLTIP shall not exceed 10 million shares.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards will be settled on each of the second, third, and fourth anniversary dates of grant with each installment redeemable one year earlier if we repay the financial assistance we received from the UST under the TARP program. The awards will be payable in cash if settled prior to six months after completion of an initial public offering; therefore, these awards will be classified as a liability until the completion of an initial public offering. In the event an initial public offering is completed, awards expected to settle six months after the initial public offering will be accounted for as a modification from a liability to equity award since the awards will then be required to be settled in our common stock.

The fair value of each RSU under the 2009 GMLTIP and GMSSP is based on the fair value of our common stock. Since there currently is no observable publicly traded price for our common stock, we have developed a methodology to calculate the value of our common stock based on our discounted cash flow analysis updated through December 31, 2009. Refer to Note 2 for additional information on the key assumptions used to estimate our reorganization value at July 10, 2009 and our discounted cash flow analysis.

The following table summarizes our RSU activity under the GMSSP in the period July 10, 2009 through December 31, 2009 (RSUs in millions):

	Successor			
	RSUs			
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
RSUs outstanding at July 10, 2009	—	$ —		
Granted	0.3	$ 49.16		
Exercised	—	$ —		
Forfeited or expired	—	$ —		
RSUs outstanding at December 31, 2009	0.3	$ 49.16	—	$ —
RSUs expected to vest at December 31, 2009	0.3	$ 49.16	—	$ —
RSUs exercisable at December 31, 2009	—	$ —	—	$ —

Old GM

Old GM's stock incentive plans were comprised of the 2007 Old GM Long-Term Incentive Plan (GMLTIP), the 2002 Old GM Stock Incentive Plan (GMSIP), the 2002 GMLTIP, the 1998 Old GM Salaried Stock Option Plan (GMSSOP), the 2007 Old GM Cash-Based Restricted Stock Unit Plan (GMCRSU) and the 2006 GMCRSU, or collectively the Old GM Stock Incentive Plans. The GMLTIP, GMSIP and the GMCRSU plans were administered by Old GM's Executive Compensation Committee of its Board of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Directors. The GMSSOP was administered by Old GM's Vice President of Global Human Resources. In connection with the 363 Sale, MLC retained the awards granted under the Old GM Stock Incentive Plans.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Compensation expense (benefit)	$ (10)	$ (65)	$ 136
Income tax expense (benefit) (a)	$ —	$ 3	$ (21)

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

In 2008 Old GM extended voluntary early retirement offers under its 2008 Salaried Window Program to certain of its U.S. salaried employees, including certain U.S. executives, as part of its plan to reduce salary related expenses. Under the terms of the 2008 Salaried Window Program, option awards granted to executives were modified to vest immediately and remain exercisable until the expiration date of the grant. Approximately 200 U.S. executives accepted the 2008 Salaried Window Program. The modifications of the stock option awards were accounted for as a cancellation of the original award and the issuance of a new award. The effect of this award modification on compensation expense was $6 million.

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. Allison employees who participated in Old GM's stock incentive plans were considered terminated employees on the date of sale. Based on this change in employment status, certain outstanding nonvested share-based payment awards were forfeited. The remaining outstanding share-based payment awards were prorated for previous employment services as provided for under the original terms of the award and would remain exercisable for the earlier of three years from the date of termination, or the expiration of the option.

Stock Options

Under the GMSIP, 27 million shares of Old GM's common stock were eligible for grants from June 2002 through May 2007. Stock option grants awarded since 1997 were generally exercisable one-third after one year, another one-third after two years and fully exercisable three years from the date of grant. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years from the date of grant, subject to earlier termination under certain conditions. Old GM's policy was to issue treasury shares upon exercise of employee stock options.

In 2007 the GMSIP was replaced with the 2007 GMLTIP. Under the 2007 GMLTIP, 16 million shares of Old GM's common stock were eligible for grants from June 2007 through May 2012. Stock options granted under this plan were generally exercisable one-third after one year, another one-third after two years and fully exercisable three years from the date of grant. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years from the date of grant, subject to earlier termination under certain conditions. Old GM's policy was to issue treasury shares upon exercise of employee stock options.

The GMSSOP commenced in January 1998 and no shares were available for grants after December 2006. The number of shares that could be awarded each year was determined by Old GM's management and stock options awarded under this plan were exercisable two years from the date of grant. There were no option grants made under the plan after 2004. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years and two days from the date of grant subject to earlier termination under certain conditions.

The fair value of each option grant, except for the performance-contingent option awards as subsequently discussed, was estimated on the date of grant using the Black-Scholes option-pricing model with the weighted-average assumptions discussed in the following table. Expected volatility was based on both the implied and historical volatilities of Old GM's common stock. The expected term of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

options represented the period of time that the options were expected to be outstanding. Old GM used historical data to estimate option exercise and employee termination within the valuation model. For option grants made prior to 2008 Old GM used the modified prospective application method. The dividend yield was based on Old GM's stock price at the date of grant. The interest rate during the expected term of the option was based on the U.S. Treasury yield curve in effect at the time of the grant.

The following table summarizes assumptions used to estimate the date of grant fair value of Old GM's stock options:

	Predecessor		
	January 1, 2009 Through July 9, 2009 2007 GMLTIP	Year Ended December 31, 2008 2007 GMLTIP	Year Ended December 31, 2007 GMSIP
Interest rate	—%	3.0%	5.0%
Expected term (years)	—	7.3	6.0
Expected volatility	—%	44.6%	35.8%
Dividend yield	—%	4.3%	3.4%

The following table summarizes changes in the status of Old GM's outstanding stock options, including performance-contingent stock options which are subsequently discussed (options in millions):

	Predecessor 2007 GMLTIP			
	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at January 1, 2009	76	$ 50.90		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited or expired	(11)	$ 68.50		
Options outstanding at July 9, 2009	65	$ 47.92	3.5	$ —
Options expected to vest at July 9, 2009	4	$ 24.69	8.4	$ —
Options vested and exercisable at July 9, 2009	61	$ 49.24	3.2	$ —

	Predecessor GMSSOP			
	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at January 1, 2009	22	$ 55.44		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited or expired	(4)	$ 67.40		
Options outstanding at July 9, 2009	18	$ 52.90	2.6	$ —
Options vested and exercisable at July 9, 2009	18	$ 52.90	2.6	$ —

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes Old GM's stock options granted or exercised under the 2007 GMLTIP and GMSIP (options in millions):

	Predecessor		
	2007 GMLTIP		GMSIP
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Options granted	—	4	3
Weighted-average grant date fair value	$ —	$ 7.29	$ 8.76
Options exercised	—	—	—
Intrinsic value of options exercised	$ —	$ —	$ 3

There were no GMSSOP options granted or exercised in the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007. There were no tax benefits realized from the exercise of share-based payment arrangements in the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007.

Market-Contingent Stock Options

In March 2008 Old GM granted market-contingent option awards under the 2007 GMLTIP. These awards had a minimum one-year service vesting period followed by a four-year performance period in which all options would vest once Old GM's common stock traded at or above $40 for any 10 days within a 30 day trading period. If both vesting conditions were met, the option would expire seven years from the date of grant. If, however, the market condition was not met, the option would expire five years from the date of grant. Option prices were 100% of the fair value on the date of grant.

Old GM recognized the fair value of these options over the weighted-average derived service period of 1.8 years in the year ended 2008. The interest rates that Old GM used to determine the grant date fair value of these options were based on the term structure of the U.S. Treasury yield curve on the grant date. The volatility used was a blend of implied and historical volatilities of Old GM's common stock. The expected term was derived using the Monte-Carlo simulation model to determine fair value. The dividend yield was based upon historical dividend yields.

The following table summarizes the assumptions used to estimate the grant date fair value of the market-contingent stock options:

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest rate	—	1.7% - 3.1%
Expected term (years)	—	1.8
Expected volatility	—	44.0%
Dividend yield	—	3.2%

The following tables summarize Old GM's market-contingent stock options (options in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Options granted	—	0.7
Weighted-average grant date fair value	—	$ 7.00
Options exercised	—	—
Weighted-average exercise price	—	$ 23.13
Options forfeited or expired	—	—

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor July 9, 2009
Options outstanding	0.7
Aggregate intrinsic value	$ —
Weighted-average contractual term (years)	5.7

Summary of Nonvested Awards

The following table summarizes the status of Old GM's nonvested awards (option awards in millions):

	Predecessor	
	Shares	Weighted- Average Grant-Date Fair Value
Nonvested at January 1, 2009	7	$ 7.67
Granted	—	$ —
Vested	(3)	$ 7.65
Forfeited	—	$ 8.15
Nonvested at July 9, 2009	4	$ 7.68

At July 9, 2009 the total unrecognized compensation expense related to nonvested option awards granted under the Old GM Stock Incentive Plans was $2 million. This expense was expected to be recorded over a weighted-average period of 1.2 years.

The following table summarizes cash received from option exercises (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash received	$ —	$ —	$ 1

Stock Performance Plans

The 2007 GMLTIP, formerly the 2002 GMLTIP, was comprised of awards granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The target number of shares of Old GM's common stock that could be granted each year was determined by Old GM's management. The 2008 and 2007 grants each had four separate performance periods consisting of three one-year performance periods and one three-year performance period. The final award payouts could vary based on Old GM's total shareholder return, as previously discussed. There were no stock performance plan shares granted in the period January 1, 2009 to July 9, 2009.

The following table summarizes outstanding stock performance plan shares at July 9, 2009 (shares in millions):

	Predecessor	
Granted	Shares(a)	Weighted-Average Grant-Date Fair Value
2007	1	$ 33.70
2008	1	$ 18.43
Total outstanding	2	

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Excludes shares that have not met performance condition.

Old GM was required to settle these awards in cash. As a result, these cash-settled awards were recorded as a liability until the date of final award payout. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and expense adjusted based on the change in fair value. The shares indicated in the preceding table were the targeted number of shares that would be used in the final award calculation should the targeted performance condition have been achieved. Final payout was subject to approval by Old GM's Executive Compensation Committee of the Board of Directors.

The fair value of each cash-settled award under the GMLTIP plans was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used the multiple input variables. Expected volatility was based upon a combination of the implied volatility from Old GM's tradable options and historical volatility, including the historical volatilities of other stocks in the S&P 500. The expected term of these target awards represented the remaining time in the performance period. The risk-free rate for periods during the contractual life of the performance shares was based on the U.S. Treasury yield curve in effect at the time of valuation. Since the payout depended on Old GM's total stockholder return performance ranked with the total stockholder return performance of all other S&P 500 companies, the valuation also depended on the performance of all stocks in the S&P 500 from the date of grant to the exercise date as well as estimates of the correlations among their future performance. The fair value of the performance plan shares was $0 at July 9, 2009 for the awards granted in the years ended 2008 and 2007.

The weighted-average remaining contractual term was 0.8 years for target awards outstanding at July 9, 2009. As the threshold performance required for a payment under the 2006-2008 award was not achieved, there were no cash payments made for this award in the period January 1, 2009 through July 9, 2009. There will be no cash payments for the 2007-2009 and 2008-2010 performance periods.

Cash-Based Restricted Stock Units

The 2007 and 2006 GMCRSU plans provided cash equal to the value of underlying restricted share units to certain of Old GM's global executives at predetermined vesting dates. Awards under the plan vested and were paid in one-third increments on each anniversary date of the award. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. Since the awards were settled in cash, they were recorded as a liability until the date of payment. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and related expense adjusted based on the new fair value.

The fair value of each GMCRSU was based on Old GM's common stock price on the date of grant and each subsequent reporting period until the date of settlement.

The following tables summarize GMCRSUs (GMCRSUs in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Number of GMCRSUs granted	—	6	5
Weighted-average date of grant fair value	$ 2.24	$ 23.01	$ 29.39
Total payments made for GMCRSUs vested (millions)	$ 10	$ 60	$ 42

	Predecessor
	July 9, 2009
GMCRSUs outstanding	5
Fair value per share	$ 0.84
Weighted-average remaining contractual term (years)	1.4

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 30. Transactions with GMAC

Old GM entered into various operating and financing arrangements with GMAC (GMAC Services Agreements). In connection with the 363 Sale, we assumed the terms and conditions of the GMAC Services Agreements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Operating lease residuals		
Residual support (a)		
Liabilities recorded	$ 369	$ 705
Maximum obligation	$ 1,159	$ 1,432
Risk sharing (a)		
Liabilities recorded	$ 366	$ 1,233
Maximum obligation	$ 1,392	$ 1,724
Note payable to GMAC	$ 35	$ 35
Vehicle repurchase obligations		
Maximum obligations	$ 14,058	$ 19,836
Fair value of guarantee	$ 46	$ 8

(a) Represents liabilities recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2009 do not include residual support or risk sharing programs.

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Marketing incentives and operating lease residual payments (a)	$ 695	$ 601	$ 3,400	$ 4,533
Exclusivity fee revenue	$ 47	$ 52	$ 105	$ 105
Royalty income	$ 7	$ 8	$ 16	$ 18

(a) Payments to GMAC related to U.S. marketing incentive and operating lease residual programs. Excludes payments to GMAC related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, GMAC is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below GMAC's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and GMAC's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above GMAC's standard residual value. GMAC is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to GMAC's standard residual value. As it relates to GMAC's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to GMAC at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to GMAC is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

origination, the difference is paid to or paid by GMAC, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with GMAC to the extent that remarketing proceeds are below GMAC's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay GMAC a quarterly fee through 2014. Old GM accrued $108 million in the year ended 2008 related to this arrangement.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, GMAC will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, GMAC will pay the increase in the sale proceeds received at auction. Announcements made in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 to discontinue, phase-out or sell a GM vehicle brand did not have a significant effect on residual values of the related vehicles. In the year ended 2008 we recorded a liability of $148 million related to announcements to discontinue, phase-out or sell certain GM vehicle brands.

Under a capitalized cost reduction program, GMAC is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, GMAC waives the customer's remaining payment obligation under their current lease, and GMAC is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to GMAC for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to GMAC each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from GMAC are subsequently settled.

The terms and conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs are included in the GMAC Services Agreements. In December 2008 Old GM and GMAC agreed, among other things, to modify certain terms and conditions of the GMAC Services Agreements pursuant to a preliminary term sheet (GMAC Term Sheet). A primary objective of the GMAC Services Agreements continues to be supporting the distribution and marketing of our and previously Old GM's products. In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement were consistent with the GMAC Term Sheet.

Exclusivity Arrangement

In November 2006 Old GM granted GMAC exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, GMAC paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and GMAC agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with GMAC provided that pricing with such third parties meets certain requirements; (2) GMAC has no obligation to provide financing; and (3) GMAC has no targets against which it could be assessed penalties. After December 24,

Table of Contents

2013, we will have the right to offer retail financing incentive programs through any third party financing source, including GMAC, without any restrictions or limitations.

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

Participation Agreement

In June 2008 Old GM, along with FIM Holdings entered into the GMAC Participation Agreement with GMAC, which provided that both parties would provide specified loan amounts to GMAC to fund ResCap. Through December 2008 Old GM funded the maximum obligation of $368 million. Old GM recorded interest income of $21 million in the year ended 2008 related to the GMAC Participation Agreement.

In December 2008 Old GM and FIM Holdings entered into the GMAC Exchange Agreement with GMAC. Pursuant to the GMAC Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the GMAC Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the GMAC Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between GMAC and Old GM limited certain unsecured obligations to GMAC in the U.S. arising from the GMAC Services Agreements to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and GMAC agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. In addition, GMAC's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and GMAC also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion by December 30, 2010. Additionally, Old GM and GMAC agreed that the sum of the maximum unsecured and committed secured exposures at December 30, 2010 will not exceed the greater of $3.0 billion or 15% of GMAC's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and GMAC agreed to expand Old GM's repurchase obligations for GMAC financed inventory at certain dealers in Europe, Brazil and Mexico. In November 2008 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in the United States and Canada. Prior to November 2008, Old GM was obligated, pursuant to dealer agreements, to repurchase certain GMAC financed inventory, limited to current model year vehicles and prior model year vehicles in dealer inventory less than 120 days, in the event of a termination of the related dealer's sales and service agreement. The current agreement with GMAC requires the repurchase of GMAC financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2009 for vehicles invoiced through August 2008, ends in August 2010 for vehicles invoiced through August 2009 and ends August 2011 for vehicles invoiced through August 2010.

The maximum potential amount of future payments required to be made to GMAC under this guarantee would be based on the repurchase value of total eligible vehicles financed by GMAC in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive Retail Leases

In November 2006 GMAC transferred automotive retail leases to Old GM, along with related debt and other assets. GMAC retained an investment in a note, which is secured by the automotive retail leases. GMAC continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. GMAC is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, GMAC entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while GMAC retained the secondary, leaving both companies exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with GMAC that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with GMAC giving GMAC the right to use the GM name on certain products. In exchange, GMAC pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with GMAC (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Assets		
Accounts and notes receivable, net (a)	$ 404	$ 661
Restricted cash (b)	$ 127	$ 481
Other assets (c)	$ 27	$ 3
Liabilities		
Accounts payable (d)	$ 131	$ 294
Short-term debt and current portion of long-term debt (e)	$ 1,077	$ 2,295
Accrued expenses and other liabilities (f)	$ 817	$ 569
Long-term debt (g)	$ 59	$ 101
Other non-current liabilities (h)	$ 383	$ 1,389

(a) Represents wholesale settlements due from GMAC, amounts owed by GMAC with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from GMAC that are pledged as collateral for certain guarantees provided to GMAC in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from GMAC on our investments in GMAC preferred stock and Preferred Membership Interests.

(d) Primarily represents amounts billed to us and Old GM and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which Old GM owned and which we subsequently purchased or in which we have and Old GM had an equity interest. In addition, it includes borrowing arrangements with various foreign locations and arrangements related to GMAC's

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to GMAC or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by GMAC in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to GMAC to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from GMAC to certain consolidated dealerships and a note payable with respect to automotive retail leases.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by GMAC.

Statement of Operations

The following table summarizes the income statement effects of transactions with GMAC (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales revenue (reduction) (a)	$ (259)	$ 207	$ (2,350)	$ (4,041)
Cost of sales and other expenses (b)	$ 113	$ 180	$ 688	$ 590
Interest income and other non-operating income, net (c)	$ 127	$ 166	$ 192	$ 433
Interest expense (d)	$ 121	$ 100	$ 221	$ 229
Servicing expense (e)	$ 22	$ 16	$ 144	$ 167
Derivative gains (losses) (f)	$ (1)	$ (2)	$ (4)	$ 19

(a) Primarily represents the (reduction) or increase in net sales and revenues for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by GMAC. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to GMAC to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to GMAC for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to GMAC for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by GMAC.

(c) Represents income on our investments in GMAC preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by GMAC for certain services provided to GMAC. Included in this amount is rental income related to GMAC's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to GMAC on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with GMAC as the counterparty.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 31. Transactions with MLC

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provide MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. The obligation to provide services under the TSA will terminate on the applicable dates specified in the agreement with respect to each such service, the latest such date being December 31, 2013. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2009 we are only obligated to provide tax services under the TSA.

Statement of Operations

The following table summarizes the income statement effects of transactions with MLC (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Cost of sales (a)	$ (8)
Interest income and other non-operating income, net	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with MLC (dollars in millions):

	Successor December 31, 2009
Accounts and notes receivable, net (a)	$ 16
Other assets	$ 1
Accounts payable (a)	$ 59
Accrued expenses and other liabilities	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Operating (a)	$ (88)
Financing (b)	$ 25

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Primarily includes payments to and from MLC related to the purchase and the sale of component parts.

(b) Funding provided to a facility in Strasbourg, France, that MLC retained. We have reserved $16 million against the advanced amounts.

Note 32. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except for per share amounts):

	Successor		Predecessor		
2009	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
Net sales and revenue	$ 25,147	$ 32,327	$ 22,431	$ 23,047	$ 1,637
Gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$ (13,237)	$ 128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$ (12,905)	$ 127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (2.20)	$ (8.53)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (2.20)	$ (8.53)	$ (9.78)	$ (21.12)	$ 209.38

	Predecessor Quarters			
2008	1st	2nd	3rd	4th
Net sales and revenue	$42,383	$ 38,010	$37,808	$30,778
Gross margin (loss)	$ 4,231	$ (5,482)	$ 3,287	$ (2,314)
Net loss	$ (3,209)	$(15,580)	$ (2,610)	$ (9,652)
Net loss attributable to common stockholders	$ (3,282)	$(15,513)	$ (2,552)	$ (9,596)
Net loss attributable to common stockholders, per share, basic and diluted	$ (5.80)	$ (27.40)	$ (4.47)	$ (15.71)

GM

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in GMAC common stock.
- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Table of Contents

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.
- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.
- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of GMAC Common Membership Interests partially offset by a loss on extinguishment of the UST GMAC Loan of $2.0 billion.
- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.
- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.
- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Results for the three months ended December 31, 2008 included:

- Impairment charges of $5.1 billion related to Old GM's investment in GMAC Common Membership Interests and its proportionate share of GMAC's net income of $3.7 billion which included a $5.6 billion gain related to GMAC's bond exchange.
- Charges of $1.1 billion related to establishing valuation allowances against Old GM's net deferred tax assets in various tax jurisdictions.
- Impairment charges of $2.5 billion related to long-lived assets, Equipment on operating leases, net and goodwill.
- Charges of $662 million related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- Charges of $604 million related to capacity actions in the U.S. and Canada.

Table of Contents

Results for the three months ended September 30, 2008 included:

- Impairment charges of $251 million related to Old GM's investment in GMAC Preferred Membership Interests.
- Charges of $652 million related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- A net curtailment gain of $4.9 billion related to the accelerated recognition of unamortized net prior service credit due to the 2008 UAW Settlement Agreement becoming effective.
- Charges of $1.7 billion related to the settlement loss associated with the elimination of healthcare coverage for U.S. salaried retirees over age 65.
- Charges of $591 million related to capacity actions in the U.S. and Canada.

Results for the three months ended June 30, 2008 included:

- Impairment charges of $1.3 billion related to Old GM's investment in GMAC Common and Preferred Membership Interests.
- Charges of $2.8 billion related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- Curtailment and other charges of $3.3 billion related to the 2008 UAW and IUE-CWA Special Attrition Programs.
- Charges of $1.1 billion related to capacity actions in the U.S. and Canada.
- An immaterial correction of Old GM's previous accounting for derivatives by recording in Net sales and revenue losses of $407 million which had been inappropriately deferred in Accumulated other comprehensive income (loss). Of this amount, $250 million should have been recorded in earnings in the three months ended March 31, 2008 and the remainder should have been recorded in prior periods, predominantly in the year ended 2007.

Results for the three months ended March 31, 2008 included:

- Impairment charges of $1.5 billion related to Old GM's investment in GMAC Common and Preferred Membership Interests.
- Charges of $394 million related to deferred tax asset valuation allowances in Spain and the United Kingdom.

Note 33. Segment Reporting

We develop, produce and market cars, trucks and parts worldwide. We do so through our three segments: GMNA, GME and GMIO.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following core brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2009 we also had equity ownership stakes directly or indirectly through various regional subsidiaries, including GM Daewoo, SGM, SGMW and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Period July 10, 2009 Through December 31, 2009						
Sales						
External customers	$31,454	$11,340	$14,535	$ —	$ —	$ 57,329
Intersegment	972	180	972	(2,124)	—	—
Total sales	32,426	11,520	15,507	(2,124)	—	57,329
Other revenue	—	—	—	—	145	145
Total net sales and revenue	$32,426	$11,520	$15,507	$ (2,124)	$ 145	$ 57,474
Income (loss) attributable to common stockholders before interest and income taxes	$ (4,719)	$ (805)	$ 1,198	$ (37)	$ (323)	$ (4,686)
Interest income	—	—	—	—	184	184
Interest expense	—	—	—	—	694	694
Loss on extinguishment of debt	(101)	—	—	—	—	(101)
Income (loss) attributable to stockholders before income taxes	(4,820)	(805)	1,198	(37)	(833)	(5,297)
Income tax expense (benefit)	—	—	—	—	(1,000)	(1,000)
Net income (loss) attributable to stockholders	$ (4,820)	$ (805)	$ 1,198	$ (37)	$ 167	$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 287	$ 5,694	$ —	$ 27	$ 7,936
Total assets	$78,719	$19,140	$26,362	$ (25,192)	$37,266	$136,295
Goodwill	$26,409	$ 3,335	$ 928	$ —	$ —	$ 30,672
Expenditures for property	$ 959	$ 573	$ 381	$ —	$ 1	$ 1,914
Depreciation, amortization and impairment	$ 2,732	$ 952	$ 447	$ —	$ 110	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 32	$ 472	$ —	$ —	$ 497
Significant noncash charges						
Impairment charges related to investment in GMAC common stock	$ —	$ —	$ —	$ —	$ 270	$ 270
UAW OPEB healthcare settlement	2,571	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 270	$ 2,841

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Period January 1, 2009 Through July 9, 2009						
Sales						
External customers	$ 23,490	$12,419	$10,878	$ —	$ —	$ 46,787
Intersegment	701	171	800	(1,672)	—	—
Total sales	24,191	12,590	11,678	(1,672)	—	46,787
Other revenue	—	—	—	—	328	328
Total net sales and revenue	$ 24,191	$12,590	$11,678	$ (1,672)	$ 328	$ 47,115
Income (loss) attributable to common stockholders before interest and income taxes	$(11,092)	$ (2,823)	$ (956)	$ 102	$ 899	$ (13,870)
Interest income	—	—	—	—	183	183
Interest expense	—	—	—	—	5,428	5,428
Reorganization gains, net (a)	—	—	—	—	128,155	128,155
Loss on extinguishment of debt	—	—	—	—	(1,088)	(1,088)
Income (loss) attributable to stockholders before income taxes	(11,092)	(2,823)	(956)	102	122,721	107,952
Income tax expense (benefit)	—	—	—	—	(1,166)	(1,166)
Net income (loss) attributable to stockholders	$(11,092)	$ (2,823)	$ (956)	$ 102	$ 123,887	$ 109,118
Expenditures for property	$ 2,282	$ 830	$ 381	$ —	$ 24	$ 3,517
Depreciation, amortization and impairment	$ 4,759	$ 1,496	$ 476	$ —	$ 142	$ 6,873
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ 1,380	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 30	$ 307	$ —	$ 1	$ 61
Significant noncash charges (gains)						
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ (906)
Loss on extinguishment of UST GMAC Loan	—	—	—	—	1,994	1,994
Gain on conversion of UST GMAC Loan	—	—	—	—	(2,477)	(2,477)
Reversal of valuation allowances against deferred tax assets	—	—	—	—	(751)	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	63
Impairment charges related to long-lived assets	320	237	9	—	—	566
Reorganization gains, net (a)	—	—	—	—	(128,563)	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 9	$ —	$(130,687)	$(130,074)

(a) Refer to Note 2 for additional information on Reorganization gains, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Year Ended December 31, 2008						
Sales						
External customers	$ 82,938	$32,440	$32,354	$ —	$ —	$147,732
Intersegment	3,249	1,948	4,496	(9,693)	—	—
Total sales	86,187	34,388	36,850	(9,693)	—	147,732
Other revenue	—	—	—	—	1,247	1,247
Total net sales and revenue	$ 86,187	$34,388	$36,850	$ (9,693)	$ 1,247	$148,979
Income (loss) attributable to common stockholders before interest and income taxes	$(12,203)	$ (2,637)	$ 473	$ 51	$(13,034)	$ (27,350)
Interest income	—	—	—	—	655	655
Interest expense	—	—	—	—	2,525	2,525
Gain on extinguishment of debt	—	—	—	—	43	43
Income (loss) attributable to stockholders before income taxes	(12,203)	(2,637)	473	51	(14,861)	(29,177)
Income tax expense (benefit)	—	—	—	—	1,766	1,766
Net income (loss) attributable to stockholders	$(12,203)	$ (2,637)	$ 473	$ 51	$(16,627)	$ (30,943)
Equity in net assets of nonconsolidated affiliates	$ 32	$ 279	$ 1,321	$ —	$ 514	$ 2,146
Total assets	$ 63,207	$22,643	$18,301	$ (70,539)	$ 57,427	$ 91,039
Expenditures for property	$ 4,242	$ 1,563	$ 1,188	$ —	$ 537	$ 7,530
Depreciation, amortization and impairment	$ 5,910	$ 2,358	$ 938	$ —	$ 808	$ 10,014
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ (6,183)	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 56	$ 329	$ —	$ 2	$ 186
Significant noncash charges (gains)						
Impairment charges related to investment in GMAC Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ 7,099
Impairment charges related to investment in GMAC Preferred Membership Interests	—	—	—	—	1,001	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	62
Impairment charges related to goodwill	154	456	—	—	—	610
Impairment charges related to long-lived assets	411	497	102	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	340
Valuation allowances against deferred tax assets	—	—	—	—	1,450	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 102	$ —	$ 9,722	$ 9,253

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Year Ended December 31, 2007						
Sales						
External customers	$109,024	$35,562	$33,008	$ —	$ —	$177,594
Intersegment	3,424	1,916	4,051	(9,391)	—	—
Total sales	112,448	37,478	37,059	(9,391)	—	177,594
Other revenue	—	—	—	—	2,390	2,390
Total net sales and revenue	$112,448	$37,478	$37,059	$ (9,391)	$ 2,390	$179,984
Income (loss) attributable to common stockholders before interest and income taxes	$ (2,673)	$ (410)	$ 1,911	$ (35)	$ (3,173)	$ (4,380)
Interest income	—	—	—	—	1,228	1,228
Interest expense	—	—	—	—	3,076	3,076
Loss on extinguishment of debt	—	—	—	—	—	—
Income (loss) attributable to stockholders before income taxes	(2,673)	(410)	1,911	(35)	(5,021)	(6,228)
Income tax expense (benefit)	—	—	—	—	36,863	36,863
Income from discontinued operations, net of tax	256	—	—	—	—	256
Gain on sale of discontinued operations, net of tax	4,293	—	—	—	—	4,293
Net income (loss) attributable to stockholders	$ 1,876	$ (410)	$ 1,911	$ (35)	$(41,884)	$ (38,542)
Expenditures for property	$ 5,029	$ 1,311	$ 1,119	$ —	$ 83	$ 7,542
Depreciation, amortization and impairment	$ 5,660	$ 1,679	$ 878	$ —	$ 1,296	$ 9,513
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ (1,245)	$ (1,245)
Equity income (loss), net of tax	$ 22	$ 44	$ 456	$ —	$ 2	$ 524
Significant noncash charges						
Impairment charges related to equipment on operating leases	$ 44	$ 90	$ —	$ —	$ —	$ 134
Impairment charges related to long-lived assets	240	—	19	—	—	259
Other than temporary impairment charges related to debt and equity securities	72	—	—	—	—	72
Change in amortization period for pension prior service cost	1,561	—	—	—	—	1,561
Valuation allowances against deferred tax assets	—	—	—	—	37,770	37,770
Total significant noncash charges	$ 1,917	$ 90	$ 19	$ —	$ 37,770	$ 39,796

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor		Predecessor					
	At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended 2008		At and for the Year Ended 2007	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$28,007	$ 9,487	$21,152	$20,742	$ 75,382	$25,105	$100,144	$32,293
Canada and Mexico	4,682	2,728	3,486	5,943	12,983	5,898	14,758	5,772
Total North America	32,689	12,215	24,638	26,685	88,365	31,003	114,902	38,065
Europe								
France	923	17	1,024	67	2,629	264	2,699	309
Germany	2,851	2,299	3,817	3,670	6,663	4,013	6,147	4,172
Italy	1,119	192	1,221	169	3,169	183	3,671	256
Russia	246	118	430	264	2,061	237	1,516	81
Spain	862	778	609	1,206	1,711	1,230	2,911	1,359
Sweden	—	—	76	—	1,195	833	2,330	1,207
United Kingdom	2,531	815	2,749	1,189	7,142	1,066	7,950	1,214
Other	2,800	797	2,518	1,557	7,939	1,332	8,273	2,266
Total Europe	11,332	5,016	12,444	8,122	32,509	9,158	35,497	10,864
International Operations								
Brazil	4,910	1,142	3,347	1,081	8,329	890	6,477	1,026
Venezuela	850	46	981	43	2,107	43	3,169	41
Australia	1,653	388	1,201	1,066	3,355	1,014	3,744	1,452
Korea	3,014	982	2,044	1,941	7,131	2,115	9,219	2,443
Thailand	166	151	103	383	560	395	457	433
Other	2,210	411	1,825	580	5,201	501	5,072	514
Total International Operations	12,803	3,120	9,501	5,094	26,683	4,958	28,138	5,909
All Other	650	1,066	532	92	1,422	130	1,447	187
Total consolidated	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249	$179,984	$55,025

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor		Predecessor					
	At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended 2008		At and For the Year Ended 2007	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$28,007	$ 9,487	$21,152	$20,742	$ 75,382	$25,105	$100,144	$32,293
Non-U.S.	29,467	11,930	25,963	19,251	73,597	20,144	79,840	22,732
Total U.S. and non-U.S.	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249	$179,984	$55,025

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 34. Supplemental Information for Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Accounts receivable	$ 178	$ (268)	$ 1,315	$ (821)
Prepaid expenses and other deferred charges	433	1,416	(287)	(660)
Inventories	(906)	3,509	77	(768)
Accounts payable	5,051	(8,846)	(4,556)	1,119
Income taxes payable	589	606	1,044	(1,311)
Accrued expenses and other liabilities	(2,913)	(6,815)	1,607	(851)
Fleet rental — acquisitions	(1,198)	(961)	(4,157)	(6,443)
Fleet rental — liquidations	1,371	1,130	5,051	6,323
Total	$ 2,605	$ (10,229)	$ 94	$ (3,412)
Cash paid for interest	$ 618	$ 2,513	$ 2,484	$ 3,346

Note 35. Subsequent Events

Venezuela's Highly Inflationary Economy

In November 2009 the cumulative inflation of Venezuela's economy was greater than 100% over a 3-year period. As a result, we considered it to be highly inflationary. We used a blended rate approach, blending Venezuela's National Consumer Price Index and Consumer Price Index, for purposes of determining the cumulative three-year inflation rate.

Because Venezuela's economy was deemed to be highly inflationary, our Venezuelan subsidiaries will change their functional currency from the Bolivar Fuerte (BsF), the local currency, to our reporting currency, the U.S. dollar, on January 1, 2010, the first day of the reporting period following the period in which the blended rate exceeded 100%. The translation of our Venezuelan subsidiaries' financial statements from the BsF to the U.S. dollar will be made at the rate at which dividends are expected to be remitted.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Cost of sales in the three months ended March 31, 2010.

Prior to 2010 our Venezuelan subsidiaries held certain assets and liabilities that were denominated in currencies other than the BsF. For financial reporting purposes, these assets and liabilities were remeasured into BsF at a parallel exchange rate and then translated to the U.S. dollar at the official fixed exchange rate. The parallel exchange rate is a result of the creation of an indirect, parallel foreign currency market in Venezuela that enables entities to use brokers in Venezuela to obtain foreign currency without having to purchase the currency from the Commission for the Administration of Foreign Exchange (CADIVI). As a result of this remeasurement and translation, the asset and liability balances determined for financial reporting purposes differed from the underlying non-BsF denominated values. On January 1, 2010 when our Venezuelan subsidiaries changed their reporting currency to the U.S. dollar, we recorded an insignificant charge due to this difference.

Table of Contents

Receivables Program

In December 2009 we announced the termination of the Receivables Program, in accordance with its terms, effective in April 2010. At December 31, 2009 the UST had outstanding loans of $150 million to the Receivables Program. In the three months ended March 31, 2010 these loans were paid in full.

Sale of 1% Interest in Shanghai General Motors Co., Ltd.

In February 2010 we sold a 1% ownership interest in SGM to SAIC, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to put in place a $400 million loan from a commercial bank to us. In exchange for the sale of the 1% ownership interest, we primarily received cash and a call option to repurchase the 1% under certain conditions with SAIC having a put option to sell the 1% ownership interest back to us at any time. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. A portion of the proceeds from the sale of the 1% ownership interest will be allocated to the fair value of the credit enhancement provided by SAIC.

HUMMER

In February 2010 we announced Tengzhong Heavy Industrial Machinery Co., Ltd. was unable to complete the acquisition of HUMMER. We will now work closely with HUMMER employees, dealers and suppliers to wind-down the business in an orderly and responsible manner.

Sale of Saab

As previously discussed, in February 2010 we completed the sale of Saab to Spyker Cars N.V. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and will receive the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant. In addition, we received $114 million as a repayment of the DIP financing that we previously provided to Saab during 2009.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. Adam Opel GmbH (Adam Opel) is in discussions with European governments to receive funding support. Our plan includes:

- Funding requirement estimate of Euro 3.7 billion (equivalent to $5.1 billion) including original estimate of Euro 3.3 billion plus an additional Euro 0.4 billion, requested by European governments, to offset the potential effect of adverse market developments;
- Financing contributions from us of Euro 1.9 billion (equivalent to $2.6 billion), representing more than 50% of the overall funding requirements;
- Requested total funding support/loan guarantees from European governments of Euro 1.8 billion (equivalent to $2.5 billion);
- We plan to make investments in capital and engineering of Euro 11.0 billion (equivalent to $15.0 billion) over the next five years; and
- Reduced capacity to adjust to current and forecasted market conditions including headcount reductions of 1,300 employees in sales and administration, 7,000 employees in manufacturing and the idling of our Antwerp, Belgium facility.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

With these restructuring initiatives complete, we plan to have 80% of our carlines at an age of three years or less by 2012. This would be accomplished by eight product launches in 2010 and another four product launches in 2011. In addition, we plan to invest Euro 1.0 billion to introduce innovative fuel efficient powertrain technologies including an additional extended-range electric vehicle and introducing battery-electric vehicles in smaller-size segments.

If our Opel/Vauxhall operations cannot secure the government-sponsored financing package above, we would be responsible for its remaining funding requirements and this could have a significant negative effect on our liquidity position. To the extent our liquidity is not available to finance the Opel/Vauxhall operations and we fail to secure government-sponsored financing or other financing, the long term viability of the Opel/Vauxhall operations could be negatively affected.

Repayment of UST Loans and Canadian Loan

In March 2010 we made payments of $1.0 billion and $192 million on the UST Loans and Canadian Loan. Upon making such payments, equivalent amounts were released to us from escrow. At March 31, 2010 the carrying amounts of the UST Loans and Canadian Loan were $4.7 billion and $1.0 billion.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (the Act) was signed into law on March 23, 2010. Certain provisions of the Act eliminate future tax deductions of certain expenditures which were reimbursed under the Medicare Part D retiree drug subsidy program. Elimination of this tax deduction will not significantly affect us, because effective January 1, 2010 we no longer provide actuarially equivalent prescription drug coverage to post-age 65 Medicare-eligible participants, and we have a full valuation allowance against our net deferred tax assets in the U.S. We are in the process of assessing the other provisions of the Act, and have not yet determined whether they will have a material effect on our consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

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Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2009. Based on that evaluation, our CEO and CFO concluded that, as of that date, our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were not effective at the reasonable assurance level because of the identification of a material weakness in our internal control over financial reporting, which we view as an integral part of our disclosure controls and procedures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2009, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2009.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting at December 31, 2009, we identified the following material weakness:

Controls over the period-end financial reporting process were not effective. Specifically, certain controls designed and implemented to address the identified material weakness in the period-end financial reporting process, as subsequently discussed, have not had a sufficient period of time to operate for our management to conclude that they are operating effectively. This inability to conclude is largely due to the challenging accounting environment associated with the combination of the Chapter 11 Proceedings, the related application of fresh-start reporting at a mid-month date, and the need for concurrent preparation of U.S. GAAP financial statements for multiple accounting periods during the six month period after the completion of the 363 Sale. As such, it is reasonably possible that our consolidated financial statements could contain a material misstatement or that we could miss a filing deadline in the future.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Based on our assessment, and because of the material weakness previously discussed, we have concluded that our internal control over financial reporting was not effective at December 31, 2009.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Material Weakness, Remediation and Changes in Internal Controls

At December 31, 2008, Old GM determined that its internal control over financial reporting was not effective because of a material weakness related to ineffective controls over the period-end financial reporting process. This ineffective process resulted in a significant number and magnitude of out-of-period adjustments to Old GM's consolidated financial statements. Specifically, controls were not effective to ensure that accounting estimates and other adjustments were appropriately reviewed, analyzed and monitored by competent accounting staff on a timely basis. Additionally, some of the adjustments recorded related to account reconciliations not being performed effectively. These ineffective controls continued to exist at the Company after the 363 Sale.

In the year ended 2009, there was significant progress made in remediating the material weakness, including the following:

- Improved trial balance and account ownership;
- Improved adherence to account reconciliation policies and procedures;
- Documented roles and responsibilities for close processes;
- Implemented new consolidation software;
- Implemented consolidation procedures;
- Improved management reporting and analysis procedures;
- Implemented a new issue management process;
- Implemented a standardized account reconciliation quality assurance program;
- Implemented improved manual journal entry procedures; and
- Implemented improved disclosure procedures.

We believe that the remediation activities previously discussed would have been sufficient to allow us to conclude that the previously identified material weakness no longer existed at December 31, 2009. However, as discussed in Note 2 to the consolidated financial statements, in the year ended 2009 Old GM entered into the Chapter 11 Proceedings and we acquired substantially all of Old GM's assets and certain of its liabilities in the 363 Sale, necessitating the development and implementation of additional processes related to accounting for bankruptcy and subsequent fresh-start reporting. We introduced additional processes and controls designed to ensure the accuracy, validity and completeness of the fresh-start reporting adjustments. Additionally, we prepared financial statements for multiple accounting periods concurrently during the six month period after the completion of the 363 Sale. The sheer complexity of the fresh-start reporting adjustments, and the number of accounting periods open at one time, did not allow our management to have clear visibility into the operational effectiveness of the newly remediated controls within the period-end financial reporting process and in some cases did not provide our management with sufficient opportunities to test the operating effectiveness of these remediated controls prior to year-end. Because of the inability to sufficiently test the operating effectiveness of certain remediated internal controls, we concluded that a material weakness in the period-end financial reporting process exists at December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Corporate Accounting and other key departments augmented their resources by utilizing external resources and performing additional closing and bankruptcy related procedures in the year ended 2009. As a result, we believe that there are no material inaccuracies or omissions of material fact and, to the best of our knowledge, believe that our consolidated financial statements at and for the period July 10, 2009 through December 31, 2009 and Old GM's consolidated financial statements at and for the period January 1, 2009 through July 9, 2009, fairly present in all material respects the financial condition and results of operations in conformity with U.S. GAAP.

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2009, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ EDWARD E. WHITACRE, JR.	/s/ CHRISTOPHER P. LIDDELL
Edward E. Whitacre, Jr. Chairman and Chief Executive Officer	Christopher P. Liddell Vice Chairman and Chief Financial Officer
April 7, 2010	April 7, 2010

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

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Item 9B. ***Other Information***

None

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

We have adopted a code of ethics that applies to the Corporation's directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," has been posted on our website at http://investor.gm.com at "Investor Information — Corporate Governance." We will provide a copy of the code of ethics without charge upon request to Corporate Secretary, General Motors Corporation, Mail Code 482-C38-B71, 300 Renaissance Center, P.O. Box 300, Detroit, MI 48265-3000.

Stockholders Agreement

On October 15, 2009, in connection with the holding company merger, we, the UST, the New VEBA and Canada Holdings entered into a Stockholders Agreement, which replaced and is substantially identical to the prior Stockholders Agreement dated as of July 10, 2009 that we entered into in connection with the 363 Sale. The Stockholders Agreement provides that our Board of Directors shall initially consist of 13 members and that our initial Board of Directors will consist of 10 members designated by the UST, one member designated by the New VEBA, one member designated by Canada Holdings and our Chief Executive Officer. At all times prior to the termination of the Stockholders Agreement, at least two-thirds of the directors must be determined by our Board of Directors to be independent within the meaning of New York Stock Exchange (NYSE) rules, whether or not any of our shares of common stock are listed on the NYSE.

So long as the New VEBA holds at least 50% of the shares of our common stock it held at the closing of the 363 Sale, the New VEBA shall have the right to designate one nominee to our Board of Directors (which designation shall be subject to the consent of the UAW and, if the designated nominee is not independent within the meaning of NYSE rules, to the consent of the UST, which consent of the UST is not to be unreasonably withheld). Pursuant to the Stockholders Agreement, until the Public Distribution Date (as subsequently defined), our Board of Directors agrees to nominate and the stockholder parties to the Stockholders Agreement agree to appoint the director designated by the New VEBA to our Board of Directors. After the Public Distribution Date, subject to our Board of Directors' approval, our Board of Directors shall nominate the New VEBA nominee to be elected a member of our Board of Directors and include the New VEBA nominee in our proxy statement and related materials in respect of the election to which the nomination pertains.

So long as Canada Holdings holds at least 50% of the shares of our common stock issued to it at the closing of the 363 Sale, Canada Holdings shall have the right, until the Public Distribution Date, to designate one nominee to our Board of Directors, who shall be independent within the meaning of NYSE rules (or if such nominee is not independent, the UST and Canada Holdings shall consult with each other in good faith prior to the election or appointment of such non-independent nominee of Canada Holdings). Pursuant to the Stockholders Agreement, our Board of Directors agrees to nominate and the stockholder parties to the Stockholders Agreement agree to appoint the director designated by Canada Holdings to our Board of Directors.

The Stockholders Agreement provides that, until the earlier of the Public Distribution Date and the respective termination of their obligations under the Stockholders Agreement, the UST and Canada Holdings (Government Holders) may vote their shares of our common stock at any meeting (whether annual or special) or by written consent on each matter presented to our stockholders in such manner as such Government Holder determines, provided that each Government Holder shall vote "for" any nominee designated by the New VEBA or Canada Holdings as described above that is standing for election. The Stockholders Agreement also provides that, after the Public Distribution Date and until the respective termination of their obligations under the Stockholders Agreement, the Government Holders will not vote their shares of our common stock at any meeting (whether annual or special) or by written consent, except that each Government Holder may vote its shares:

- As its desires in a vote with respect to any removal of directors;
- In a vote with respect to any election of directors as it desires only with respect to any candidates that are nominated by the Board of Directors, nominated by third parties or nominated by either Government Holder pursuant to a joint slate procedure (provided that each Government Holder will vote "for" any nominee designated by the New VEBA as described above that is standing for election);

- As it desires in a vote with respect to any acquisition or purchase of our capital stock, or of all or substantially all or our assets or any merger, consolidation, business combination, recapitalization or other extraordinary business transaction involving or otherwise relating to the Company, in each case, which would require a stockholder vote under Delaware law or our certificate of incorporation;
- As it desires in a vote with respect to any amendment or modification to our certificate of incorporation or bylaws that would affect any matters relating to (1), (2) or (3) above; and
- On each other matter presented to our stockholders, solely to the extent that the vote of the Government Holders is required for the stockholders to take action at a meeting at which a quorum is present and in that instance, in the same proportionate manner as the holders of common stock (other than the UST, Canada Holdings, New VEBA and its affiliates and the directors and executive officers of the Company) that were present and entitled to vote on such matter voted or consented in connection with each such matter.

The Stockholders Agreement provides that, until the termination of the Stockholders Agreement with respect to the New VEBA, the New VEBA will votes its shares at any meeting (whether annual or special) or by written consent on each matter presented to our stockholders in the same proportionate manner as the holders of our common stock (other than the New VEBA and its affiliates and our directors and executive officers) that were present and entitled to vote on such matter voted or consented in connection with each such matter.

The Stockholders Agreement also provides for special preemptive rights. Pursuant to the Stockholders Agreement, prior to a Public Distribution, we may not issue any shares of common stock unless, prior to such issuance, we offer such shares to each stockholder party to the Stockholders Agreement at the same price per share and upon the same terms and conditions. These preemptive rights do not apply to: (1) common stock issued as incentive shares to or for the benefit of employees, officers, directors and other service providers of the Company or any of our subsidiaries in accordance with the terms of the Stockholders Agreement or any applicable incentive plan of the Company; (2) securities issued upon conversion of convertible or exchangeable securities (including warrants) of the Company or any of our subsidiaries that were outstanding as of the date of the Stockholders Agreement or were not issued in violation of the Stockholders Agreement; and (3) a subdivision of shares of common stock (including any share distribution or split), any combination of shares of common stock (including any reverse share split), shares issued as a dividend or other distribution on the shares of common stock or any recapitalization, reorganization, reclassification or conversion of the Company or any of our subsidiaries.

The Stockholders Agreement also provides that the UST and Canada Holdings shall use their reasonable best efforts to exercise their demand registration rights under the equity registration rights agreement and cause a Public Distribution to occur no later than July 10, 2010, unless we are already taking steps and proceeding with reasonable diligence to effect a Public Distribution. In addition, pursuant to the Stockholders Agreement, until the Public Distribution Date, so long as Canada Holdings beneficially owns at least 5% of our outstanding common stock, we may not, without the prior written consent of Canada Holdings, take any action to effectuate: (1) a sale of all or substantially all of our assets; (2) any voluntary liquidation, dissolution or winding up of the Company; or (3) an issuance of our common stock at a price per share less than fair market value, as determined in good faith by our Board of Directors, other than pursuant to an employee benefit plan.

For purposes of this summary the term Public Distribution Date means the effective date of the registration statement relating to the Public Distribution, and the term Public Distribution means the earlier to occur of:

- The initial underwritten initial public offering of our common stock, or
- The later of the date on which a Company registration statement filed under the Exchange Act becomes effective and the date of distribution of the shares of our common stock owned by MLC pursuant to its plan of reorganization.

The rights, restrictions and obligations under the Stockholders Agreement shall terminate with respect to a stockholder party to the Stockholders Agreement when such stockholder party beneficially owns less than 2% of the shares of our common stock then issued and outstanding.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Directors of the Registrant

The names and ages, as of March 31, 2010, of our directors and their positions and offices are as follows:

Name and (Age)	Positions and Offices
Daniel F. Akerson (61)	Managing Director and Head of Global Buyout, The Carlyle Group
David Bonderman (67)	Co-Founding Partner and Managing General Partner, TPG
Erroll B. Davis, Jr. (65)	Chancellor, University System of Georgia
Stephen J. Girsky (47)	Vice Chairman, Corporate Strategy and Business Development, General Motors Company
E. Neville Isdell (66)	Retired Chairman and Chief Executive Officer, The Coca-Cola Company
Robert D. Krebs (67)	Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation
Kent Kresa (72)	Chairman Emeritus, Northrop Grumman Corporation
Philip A. Laskawy (69)	Retired Chairman and Chief Executive Officer, Ernst & Young LLP
Kathryn V. Marinello (53)	Former Chairman and Chief Executive Officer, Ceridian Corporation
Patricia F. Russo (57)	Former Chief Executive Officer, Alcatel-Lucent
Carol M. Stephenson (59)	Dean, Richard Ivey School of Business, The University of Western Ontario
Edward E. Whitacre, Jr. (68)	Chairman and Chief Executive Officer, General Motors Company

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the directors named above. Other than as set forth in the Stockholders Agreement dated as of July 10, 2009 and amended October 15, 2009 by and among the Company, the UST, the New VEBA and Canada Holdings (Stockholders Agreement), which is described below, there is no arrangement or understanding between any of the directors named above and any other person pursuant to which he or she was elected as a director.

Daniel F. Akerson has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance (Chair) and Audit Committees. He has been Managing Director and Head of Global Buyout of The Carlyle Group since July 2009. He served as Managing Director and Co-Head of the U.S. Buyout Fund from 2003 to 2009. Prior to joining Carlyle, Mr. Akerson served as Chairman and Chief Executive Officer of XO Communications, Inc. from 1999 to January 2003. XO Communications, Inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in June 2002 and emerged from bankruptcy proceedings in January 2003. Mr. Akerson also served as Chairman of Nextel Communications from 1996 to 2001 and Chairman and Chief Executive Officer from 1996 to 1999. He held the offices of Chairman and Chief Executive Officer of General Instrument Corporation from 1993 to 1995. He is currently a director of American Express Company.

David Bonderman has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance and Executive Compensation Committees. He is Co-Founding Partner and Managing General Partner of TPG, a private investment firm he founded in 1992. Prior to forming TPG, Mr. Bonderman served as Chief Operating Officer of Robert M. Bass Group (now doing business as Keystone Group, L.P.) from 1983 to 1991. Mr. Bonderman currently serves as Chairman of the Board of Directors of Ryanair Holdings PLC and as a director of Armstrong Worldwide Industries, Inc., CoStar Group, Inc., a marketing and information services company in the commercial real estate industry, and Gemalto N.V., a digital security company. He also served as a director of Washington Mutual, Inc. (April 2008-December 2008), Burger King Holdings, Inc. (2002-2008), Seagate Technology, a hard drive and storage solutions manufacturer (2000-2004), and Continental Airlines, Inc. (1993-2004).

Erroll B. Davis, Jr. has been a member of our Board of Directors since July 10, 2009 and serves on the Audit and Investment Funds Committees. He was also a member of the Board of Old GM from 2007 to July 2009. Mr. Davis has served as Chancellor of the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

University System of Georgia, the governing and management authority of public higher education in Georgia, since 2006. From 2000 to 2006, Mr. Davis served as Chairman of Alliant Energy Corporation, and he held the offices of President and Chief Executive Officer from 1998 to 2005. He is currently a director of BP p.l.c., and Union Pacific Corporation. Mr. Davis also served as a director of PPG Industries, Inc. (1994-2007).

Stephen J. Girsky has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds and Public Policy Committees. He has been GM Vice Chairman of Corporate Strategy and Business Development since March 1, 2010. Prior to that, he served as Senior Advisor to the Office of the Chairman of our company from December 2009 to February 2010 and President of S. J. Girsky & Company, an advisory firm, from January 2009 to March 1, 2010. From November 2008 to June 2009, Mr. Girsky was an advisor to the UAW. He served as President of Centerbridge Industrial Partners, LLC (Centerbridge), an affiliate of Centerbridge Partners, L.P., a private investment firm from 2006 to 2009. Prior to joining Centerbridge, Mr. Girsky was a special advisor to the Chief Executive Officer and the Chief Financial Officer of Old GM from 2005 to June 2006. From 1995 to 2005, he served as Managing Director at Morgan Stanley and a Senior Analyst of the Morgan Stanley Global Automotive and Auto Parts Research Team. Mr. Girsky also served as lead director of Dana Holding Corporation (2008-2009). He has been a member of the Adam Opel GmbH Supervisory Board since January 2010.

E. Neville Isdell has been a member of our Board of Directors since July 10, 2009 and serves on the Public Policy (Chair) and Directors and Corporate Governance Committees. He was also a member of the Board of Old GM from 2008 to July 2009. Mr. Isdell served as Chairman of The Coca-Cola Company from July 2008 until his retirement in April 2009. Prior to that, he held the offices of Chairman and Chief Executive Officer from 2004 to 2008. From 2002 to May 2004, he was an International Consultant to The Coca-Cola Company and head of his investment company, Collines Investments in Barbados. Mr. Isdell served as Chief Executive Officer of Coca-Cola Hellenic Bottling Company from 2000 to May 2001 and Vice Chairman from May 2001 to December 2001. He was Chairman and Chief Executive Officer of Coca-Cola Beverages Plc from 1998 to September 2000. Mr. Isdell also served as a director of SunTrust Banks, Inc. (2004-2008).

Robert D. Krebs has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance and Executive Compensation Committees. He served as Chairman of Burlington Northern Santa Fe Corporation (BNSF) from December 2000 until his retirement in 2002. Prior to that, he served as Chairman and Chief Executive Officer of BNSF from June 1999 until 2000. He held the offices of Chairman, President and Chief Executive Officer from 1997 to 1999. Mr. Krebs is currently a director of UAL Corporation. He also served as a director of Phelps Dodge Corporation, a mining company (now doing business as Freeport-McMoRan Copper & Gold, Inc.), from 1987 to 2006.

Kent Kresa has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds (Chair) and Audit Committees. He was also a member of the Board of Old GM from 2003 to July 2009 and served as interim non-executive Chairman from March 2009 to July 2009. Mr. Kresa has served as Chairman Emeritus of Northrop Grumman Corporation since 2003. He held the offices of Chairman and Chief Executive Officer from 1990 to 2003. He currently serves as non-executive Chairman of the Board of Directors of Avery Dennison Corporation and as a director of Fluor Corporation and MannKind Corporation, a biopharmaceutical company.

Philip A. Laskawy has been a member of our Board of Directors since July 10, 2009 and serves on the Audit (Chair) and Investment Funds Committees. He was also a member of the Board of Old GM from 2003 to July 2009. Mr. Laskawy served as Chairman and Chief Executive Officer of Ernst & Young LLP from 1994 to 2001. Mr. Laskawy is non-executive Chairman of the Board of Directors of the Federal National Mortgage Association and a director of Henry Schein, Inc., Lazard Ltd, and Loews Corporation. He also served as a director of The Progressive Corporation (2001-2007) and Discover Financial Services (2007-2008).

Kathryn V. Marinello has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds and Public Policy Committees. She was also a member of the Board of Old GM from 2007 to July 2009. Ms. Marinello served as Chairman and Chief Executive Officer of Ceridian Corporation, an information services company in the human resource, retail, and transportation markets from December 2007 to January 2010. Prior to that, she held the offices of President and Chief Executive Officer from 2006 to 2007. Before joining Ceridian, Ms. Marinello served as President and Chief Executive Officer of GE Fleet Services, a division of General Electric Company, from 2002 to October 2006.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Patricia F. Russo has been a member of our Board of Directors since July 24, 2009. She is Lead Director and serves on the Executive Compensation (Chair) and Directors and Corporate Governance Committees. She served as Chief Executive Officer of Alcatel-Lucent from 2006 to 2008. Prior to the merger of Alcatel and Lucent in 2006, she served as Chairman and Chief Executive Officer of Lucent Technologies, Inc. from February 2003 to 2006 and President and Chief Executive Officer from 2002 to 2003. Before rejoining Lucent in January 2002, Ms. Russo was President and Chief Operating Officer of Eastman Kodak Company from March 2001 to December 2001. Ms. Russo is currently a director of Alcoa Inc., and Merck & Co. Inc.

Carol M. Stephenson has been a member of our Board of Directors since July 24, 2009 and serves on the Investment Funds and Public Policy Committees. She has been Dean of the Richard Ivey School of Business at The University of Western Ontario (Ivey) since 2003. Prior to joining Ivey, Ms. Stephenson served as President and Chief Executive Officer of Lucent Technologies Canada from 1999 to 2003. Ms. Stephenson is currently a director of Intact Financial Services Corporation (formerly ING Canada), a provider of property and casualty insurance in Canada, and Manitoba Telecom Services Inc., a communications provider in Canada. She was a member of the General Motors of Canada Advisory Board from 2005 to July 2009.

Edward E. Whitacre, Jr. has been the Chairman of our Board of Directors since July 10, 2009. He has held the offices of Chairman and Chief Executive Officer of our company since December 1, 2009. He is also Chairman Emeritus of AT&T Inc., where he served as Chairman and Chief Executive Officer from 2005 until his retirement in 2007. Prior to the merger with AT&T, Mr. Whitacre served as Chairman and Chief Executive Officer of SBC Communications from 1990 to 2005. He is currently a director of Exxon Mobil Corporation. He also served as a director of Burlington Northern Santa Fe Corporation (1993-February 2010), Anheuser-Busch Companies, Inc. (1988-2008), Emerson Electric Co. (1990-2004), and The May Department Stores Company, now doing business as Macy's Inc. (1989-2004).

Executive Officers of the Registrant

The names and ages, as of March 31, 2010, of our executive officers, other than Messrs. Whitacre and Girsky who are discussed above, and their positions and offices with General Motors are as follows:

Name and (Age)	Positions and Offices
Christopher P. Liddell (51)	Vice Chairman and Chief Financial Officer
Robert A. Lutz (78)	Vice Chairman
Thomas G. Stephens (61)	Vice Chairman, Global Product Operations
Timothy E. Lee (59)	President, GM International Operations
David N. Reilly (60)	President, GM Europe
Mark L. Reuss (46)	President, GM North America
Mary T. Barra (48)	Vice President, Global Human Resources
Selim Bingol (49)	Vice President, Communications
Walter G. Borst (48)	Vice President and Treasurer
Nicholas S. Cyprus (56)	Vice President, Controller and Chief Accounting Officer
Terry S. Kline (48)	Vice President, Information Technology and Chief Information Officer
Michael P. Millikin (61)	Vice President and General Counsel

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the officers named above, and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors or a committee of the Board to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

Christopher P. Liddell joined GM as Vice Chairman and Chief Financial Officer in January, 2010, and leads our financial and accounting operations on a global basis. Before joining GM, Liddell was CFO for Microsoft from May 2005 until December 2009, where he was responsible for leading their worldwide finance organization. Mr. Liddell had previously served as CFO at International Paper Co.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Robert A. Lutz was named Vice Chairman, specially assigned to advise on design and global product development on December 4, 2009. He was first associated with Old GM in 1963. Mr. Lutz rejoined Old GM on September 4, 2001, as Vice Chairman, Product Development, after a career with BMW, Ford, Chrysler and Exide Technologies. He was named Chairman of GM North America on November 13, 2001, and served in that capacity until April 4, 2005, when he assumed responsibility for Global Product Development. He was appointed Vice Chairman and Senior Advisor on April 1, 2009. He had served as Vice Chairman, Marketing and Communications since August 4, 2009. Mr. Lutz will retire effective May 1, 2010.

Thomas G. Stephens was named Vice Chairman, Global Product Operations in December 2009. He had been associated with Old GM since 1969. Mr. Stephens had been Vice Chairman, Global Product Development since July 10, 2009, and Vice Chairman, Global Product Development for Old GM since April 1, 2009. On January 1, 2007, Mr. Stephens was appointed Group Vice President Global Powertrain and Global Quality and became Executive Vice President on March 3, 2008. He was named Group Vice President for Global Powertrain on July 1, 2001.

Timothy E. Lee was named President, GM International Operations on December 4, 2009. He had been associated with Old GM since 1969. He had been Group Vice President, Global Manufacturing and Labor since October 1, 2009. He was named GM North America Vice President, Manufacturing in January 2006. Mr. Lee became Vice President of Manufacturing of GM Europe, on June 1, 2002.

David N. Reilly was named President, GM Europe on December 4, 2009. He had been associated with Old GM since 1975. He had been Executive Vice President, GM International Operations since August 4, 2009. He was appointed Group Vice President and President, of our former segment, GM Asia Pacific, in July 2006 and had previously been President and Chief Executive Officer of GM Daewoo Auto and Technology Company (GM Daewoo) after leading our transition team in the formation of GM Daewoo beginning in January 2002. Mr. Reilly served as Vice President, for Sales, Marketing, and Aftersales of GM Europe beginning in August 2001.

Mark L. Reuss was appointed President of GM North America on December 4, 2009. He had been associated with Old GM since 1983. Before this appointment, he served briefly as Vice President of Engineering. He managed GM's operations in Australia and New Zealand as the President and Managing Director of GM Holden, Ltd., from February 2008 until July 2009. In October 2005, Reuss was appointed Executive Director of North America vehicle systems and architecture, and the following year, he was named Executive Director of global vehicle integration, safety, and virtual development. In June, 2001, he was named Executive Director, architecture engineering and GM Performance Division.

Mary T. Barra was named Vice President, Global Human Resources on July 30, 2009. She had been associated with Old GM since 1980. Prior to this appointment, she had been Vice President, Global Manufacturing Engineering since February 2008. She had been Executive Director, Vehicle Manufacturing Engineering since January 2005, with global responsibility for General Assembly; Controls, Conveyors, Robotics and Welding; Paint and Polymer, and Advanced Vehicle Development Centers; Industrial Engineering, Global Manufacturing System Implementation, and Pre-Production Operations.

Selim Bingol was appointed Vice President, Communications on March 8, 2010, with overall responsibility for our global communications. Most recently, he served as Senior Vice President and senior partner with Fleishman-Hillard, where he specialized as a senior communications strategist to large international clients across diverse industries. He was Senior Vice President-Corporate Communications at AT&T Corporation from December 2004 until August 2007.

Walter G. Borst was appointed Vice President and Treasurer on August 4, 2009. He had been associated with Old GM since 1980. He was named Treasurer of Old GM in February 2003. From October 2000 to February 2003, Mr. Borst was Executive Director of Finance and Chief Financial Officer for our German subsidiary, Adam Opel GmbH. He is Chairman of the Supervisory Board of Adam Opel GmbH.

Nicholas S. Cyprus was named Vice President, Controller and Chief Accounting Officer on August 4, 2009. He had been associated with Old GM since December 2006, when he became Controller and Chief Accounting Officer. Prior to joining Old GM, he was

Table of Contents

Senior Vice President, Controller and Chief Accounting Officer for the Interpublic Group of Companies from May 2004 to March 2006. From 1999 to 2004, Mr. Cyprus was Vice President, Controller and Chief Accounting Officer at AT&T Corporation.

Terry S. Kline was named Vice President, Information Technology and Chief Information Officer on October 1, 2009. He had been associated with Old GM since December 2000. Previously, Mr. Kline was the Global Product Development Process Information Officer and was responsible for coordinating product development process re-engineering activities and the implementation of associated information systems across GM business sectors. From December 2004 until December 2007, he served as the Chief Information Officer for Asia Pacific.

Michael P. Millikin was appointed Vice President and General Counsel on July 20, 2009, with overall global responsibility for the legal affairs of GM. He had been associated with Old GM since 1977. Mr. Millikin was appointed Assistant General Counsel in June 2001 and became Associate General Counsel in June 2005. He is a member of the board of directors of GM Daewoo and the Supervisory Board of Adam Opel GmbH.

Stockholders Agreement

Pursuant to the Stockholders Agreement, our initial 13-person Board of Directors consisted of 10 directors designated by the UST, one director designated by Canada Holdings, one director designated by the New VEBA and our Chief Executive Officer. Daniel F. Akerson, David Bonderman, Erroll B. Davis, Jr., E. Neville Isdell, Robert D. Krebs, Kent Kresa, Philip A. Laskawy, Kathryn V. Marinello, Patricia F. Russo, and Edward E. Whitacre, Jr. were designated to the Board of Directors by the UST; Carol M. Stephenson was designated by Canada Holdings; and Stephen J. Girsky was designated by the New VEBA. Because our Board was contractually obligated to nominate the persons designated under the Stockholders Agreement to form the initial Board of Directors, the Board did not perform a detailed assessment of their backgrounds to form a conclusion that each of them should serve as a director. In the future, as the Board selects nominees, we will disclose the particular experience, qualifications, attributes, or skills that led the Board to conclude that he or she should serve.

The Stockholders Agreement provides, for each of the New VEBA and Canada Holdings, that so long as it holds at least 50% of the shares of our common stock it held at the closing of the 363 Sale, it has the right to designate one nominee to our Board of Directors, each of whom will be nominated by the Board (unless the nomination would be inconsistent with the Board’s fiduciary duties). The UAW must provide prior written consent of the nominee designated by the New VEBA. If its nominee is not independent according to the criteria established in the NYSE Corporate Governance Standards, the New VEBA must obtain the prior written consent of the UST, and Canada Holdings must consult in good faith with the UST prior to making its designation. Until an initial public offering (IPO), the UST and Canada Holdings will vote for the nominees designated by the New VEBA and Canada Holdings; after an IPO, the UST and Canada Holdings will vote only in certain circumstances. As long as the Stockholders Agreement is effective, the New VEBA will vote in the same proportion as all shares voted (except for any shares held by the New VEBA or by our directors or executive officers).

Corporate Governance

Our Board of Directors believes that it should be free to choose a leadership structure that it determines is best for the Company at any specific time. On December 1, 2009 our Board requested Mr. Whitacre, the Chairman, to assume the role of CEO, following the resignation of Frederick A. Henderson, and in January 2010 our Board and Mr. Whitacre reaffirmed this decision. In our Board’s judgment, the rapid and severe changes in our business and our management that we have undergone during the past year and the importance of reestablishing ourselves as a successful, stable company demands the continuity, efficiency, and centralized control that is provided by having a single individual act both as Chairman and CEO. Our Board will reconsider this determination from time to time based on changes in our circumstances and on the individuals available to lead the Company.

On March 2, 2010 our Board designated Patricia F. Russo as its Lead Director. During the time that the roles of Chairman and Chief Executive Officer are combined in one person, our Board believes that a Lead Director will provide guidance to the non-management directors in their active oversight of management, including the Chairman and CEO. Under the policy adopted on the same day, the Board’s Lead Director calls all executive sessions of our non-management directors, sets the agendas, chairs the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

sessions, and advises the Chairman and CEO of any actions taken. Agendas for Board meetings, which are established by the Chairman using input from other directors, are reviewed and approved by the Lead Director, along with Board meeting schedules and materials. The Lead Director also serves as a liaison between the Chairman and CEO and other directors, assists the Chairman and CEO in the recruiting and orientation of new directors, presides at Board meetings when the Chairman is not present, and assumes additional responsibilities as determined by our non-management directors. Finally, the Lead Director is available for consultation and direct communication with major stockholders, if requested.

Pursuant to our Stockholders Agreement, all of our current directors were selected by the UST, the New VEBA and Canada Holdings, as described above. Only our stockholders have the ability to remove directors, with or without cause. Following an IPO, nominations for the election of directors shall be made by the Board in accordance with the Stockholders Agreement and pursuant to the recommendations by the Board's Directors and Corporate Governance Committee (Governance Committee), or by any stockholder entitled to vote for the election of directors who complies with the requirements of applicable law and of our Bylaws.

The Governance Committee is responsible for identifying potential candidates for Board membership and making its recommendations to the full Board. In assessing potential candidates the Governance Committee seeks to consider individuals with a broad range of business experience and diverse backgrounds. The Governance Committee also considers it desirable that each candidate contribute to the Board's overall diversity–diversity being broadly defined to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race, ethnicity or country of origin.

The selection of qualified directors is complex and crucial to our long-term success. Potential candidates for election to the Board are evaluated based upon criteria that include:

- The nature and depth of their experience in business, government, and non-profit organizations, and whether they are likely to be able to make a meaningful and constructive contribution to the Board's discussion and decision making concerning the broad array of complex issues facing the Company;
- Their demonstrated commitment to the highest ethical standards and the values of the Company;
- Their special skills, judgment, expertise, and experience that would complement or expand that of the current directors in monitoring the performance and strategic direction of the Company;
- Their ability to take into account and balance the legitimate interests and concerns of all our stockholders and other stakeholders effectively, consistently, and appropriately in reaching decisions; and
- Their global business and social perspective, personal integrity, and sound judgment.

In addition, directors must have time available to devote to Board activities and to enhance their knowledge of our Company and the global automotive industry. To assist in the identification and evaluation of qualified director candidates, the Governance Committee, on occasion, has engaged search firms that specialize in providing services for the identification and evaluation of candidates for election to corporate boards.

Our Board's primary function is oversight of management, directly and through its various committees, so that identifying and addressing the risks and vulnerabilities that we face is an important component of the Board's responsibilities, whether monitoring ordinary operations or considering significant plans, strategies or proposed transactions. Management has implemented a formal risk management process, which is directed by a risk management committee comprised of members of senior leadership. This formal risk management process is overseen by the Board's Audit Committee, which is also responsible for oversight of risk issues associated with our overall financial reporting and disclosure process and with legal compliance, as well as reviewing policies on risk control assessment and accounting risk exposure. In addition, each of our Board committees oversees the risks within its area of responsibility. For example, the Executive Compensation Committee (Compensation Committee) considers the risks that may be implicated by our executive compensation programs. While the Board is ultimately responsible for risk management, our management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our Board leadership structure supports this approach.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Compliance with Section 16(a) of the Exchange Act

Federal securities laws require that directors and certain officers and stockholders who own more than 10% of the common stock of companies subject to the Exchange Act report certain changes in ownership and ownership information within specified periods. While these laws were applicable to Old GM, they will not apply to us until we register our securities under the Exchange Act. Based upon information furnished by the stockholders, directors and officers of Old GM, we believe that all required filings for 2009 were made in a timely manner.

Code of Ethics

We have adopted a code of ethics that applies to our directors, officers, and employees, including the Chairman and Chief Executive Officer, the Vice Chairman and Chief Financial Officer, the Vice President, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," is posted on our Web site at http://investor.gm.com, under "Corporate Governance." We will provide a copy of the code of ethics without charge upon request to the Corporate Secretary, General Motors Company, Mail Code 482-C38-B71, 300 Renaissance Center, P. O. Box 300, Detroit, MI 48265-3000.

Audit Committee

Our Board of Directors has a standing Audit Committee to assist the Board in fulfilling its oversight responsibilities with respect to the financial reports and other financial information provided by us to stockholders and others; our system of internal controls; our compliance procedures for the employee code of ethics and standards of business conduct; and our audit, accounting, and financial reporting processes. Daniel F. Akerson, Erroll B. Davis, Jr., Kent Kresa and Philip A. Laskawy comprise the Audit Committee. Our Board has determined that all of the members of the Audit Committee are independent, financially literate, and have accounting or related financial management expertise as required by the NYSE. The Board also has determined that Mr. Akerson, Mr. Davis, Mr. Kresa, and Mr. Laskawy (Chair) all qualify as "audit committee financial experts" as defined by the SEC.

Executive Compensation Committee

Our Board of Directors has a standing Compensation Committee. The members of our Compensation Committee are:

David Bonderman
Robert D. Krebs
Patricia F. Russo — Chair

Although Mr. Whitacre was a member of the Compensation Committee during 2009, he is no longer a member. His membership was suspended when he initially agreed to serve as CEO in December 2009, and he resigned from the Compensation Committee after the Board reaffirmed his appointment as CEO in January 2010. The Chair of the Compensation Committee has invited Mr. Whitacre to participate in meetings of the Compensation Committee, as appropriate. None of the members of our Compensation Committee are eligible to participate in any of the compensation plans or programs it administers.

The Compensation Committee's overall objective is to ensure that our compensation policies and practices support the recruitment, development, and retention of the executive talent needed for the long-term success of the Company. In doing this, the Compensation Committee must balance the need to provide competitive compensation and benefits with the guidelines and requirements of the UST Credit Agreement and the TARP regulations as they apply to Exceptional Assistance Recipients. Working with the Office of the Special Master for TARP Compensation (Special Master), the Compensation Committee reviewed and approved corporate goals and objectives related to compensation and set individual award targets for the CEO and Named Executive Officers, as well as our Senior Leadership Group (SLG) and certain other employees subject to its review.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 11. ***Executive Compensation***

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis (CD&A) and, based on that review and discussion, has recommended to the Board of Directors that the CD&A be included in this 2009 Annual Report on Form 10-K.

Under the terms of the UST Credit Agreement the Compensation Committee is required to review the incentive compensation arrangements of our Named Executive Officers with the senior risk officer within 120 days of the completion of each fiscal year in which the UST Credit Agreement remains outstanding to ensure that the incentive compensation arrangements for these officers do not encourage them to take unnecessary and excessive risks that may threaten the value of the company.

In addition, the Compensation Committee is also required to review employee compensation plans and make all reasonable efforts to eliminate unnecessary risks that the plans may pose to us, and eliminate any features of these plans that would encourage the manipulation of our reported earnings to enhance the compensation of any employees.

Executive Compensation Structure Risk Assessment

Risk Assessment Process – Old GM

On April 6, 2009 the Old GM Compensation Committee met with the Chief Financial Officer in his capacity as chief risk officer to review and discuss the short-term and long-term risks that could threaten the value of Old GM and the features of Old GM's compensation arrangements for Named Executive Officers and other employees in light of those risks. At the conclusion of this review the Old GM Compensation Committee concluded that the Old GM compensation structure provided incentive for executives to appropriately balance risk and reward, and certified to the UST that the design of the Old GM incentive compensation structure for Named Executive Officers did not encourage these individuals to take unnecessary or excessive risks that threatened the value of the Old GM.

Risk Assessment Process — GM

During the period from July 10 to December 31, 2009, the Compensation Committee met quarterly with the Chief Financial Officer in his capacity as chief risk officer to review and discuss the short-term and long-term risks that could threaten the value of the Company and the features of GM's compensation arrangements for Named Executive Officers and other employees in light of those risks. The 2009 annual review was completed on March 1, 2010. At the conclusion of these reviews, the Compensation Committee concluded that the compensation structure provides incentive for executives to appropriately balance risk and reward, and certified to the UST that the design of the incentive compensation structure for our Named Executive Officers does not encourage these individuals to take unnecessary or excessive risks that threaten the value of the Company.

Working in collaboration with the Special Master, the following risk considerations were taken into account as we developed incentive plans:

- Incentive plan metrics are aligned with our business strategy;
- Performance objectives are balanced with the quality and sustainability of such performance;
- The full range of potential payouts under each plan are understood;
- Payouts are capped;
- Appropriate leverage and ratio of incentive compensation to total compensation are established;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Performance, structure, and incentive plan payouts are consistent with those of industry/peers;
- The Committee may exercise discretion where appropriate;
- Our focus on long-term performance aligns with stockholder interests;
- Our recoupment policy provides for clawback of incentive payouts based on revised financials that would result in lower incentive payout;
- The Committee reviews and discusses risk when considering incentive programs; and
- The timeframe for repaying government loans is considered.

In conducting its quarterly reviews of the proposed compensation structure, including annual cash salary, the incentive compensation recoupment provision, and the limit on severance pay, the Committee found that:

- The various performance and retention elements of the awards align the interests of the executives with the long-term health of the Company, the quality of earnings, the interests of stockholders, and the interests of the UST as a lender.
- The mix of cash and equity awards provides an appropriate balance between short-term and long-term risk and reward decisions.
- The incentive compensation recoupment feature supports the accuracy of our financial statements and encourages the executives to focus on maintaining accurate financial records and on complying with relevant accounting policies.

Executive Compensation Committee

Patricia F. Russo (Chair)
David Bonderman
Robert D. Krebs

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Executive Compensation

Compensation Discussion and Analysis

The following section contains a discussion of our executive compensation programs and our analysis of the compensation decisions affecting our Named Executive Officers during fiscal year 2009, as well as a review of executive compensation programs related to Old GM.

Compensation Discussion and Analysis — Old GM

Prior to the Old GM bankruptcy and 363 Sale, Old GM's Compensation Committee had overall responsibility for the development and administration of Old GM's executive compensation program and executive benefit plans. Old GM's Compensation Committee established the compensation philosophy and strategy; set the base salary and incentive opportunities for Old GM's CEO and SLG; established performance measures and objectives for Old GM's CEO and SLG; determined whether, and to what extent, the performance objectives were achieved; recommended to the Old GM Board the amount of incentive compensation to be paid to the Old GM CEO and Old GM SLG; and was responsible for amending and modifying Old GM's executive compensation benefit plan. Old GM's Compensation Committee also recommended to the Old GM Board perquisites and non-qualified benefits for the Old GM CEO, and approved such benefits for the Old GM SLG, as well as any employment or consulting agreements and severance arrangements for Old GM SLG members.

Prior to Old GM's bankruptcy, the Old GM Compensation Committee consisted of the following directors: Mr. John H. Bryan (Chair), Mr. Erskine B. Bowles, Mr. Armando Codina, Mr. George M. C. Fisher, and Ms. Karen Katen. The Old GM Compensation Committee met five times between January 1 and July 9, 2009. All the members of the Old GM Compensation Committee resigned from the Board by July 10, 2009.

Resignation of Mr. Wagoner and Appointment of Mr. Henderson. On March 29, 2009, Mr. Wagoner resigned as a director and stepped down from his positions as Chairman of the Board and Chief Executive Officer of Old GM. On the same date, Mr. Henderson was appointed President and Chief Executive Officer and elected to the Board of Directors of Old GM.

UST Loan Agreement Executive Compensation Limitations. Under the terms of the UST Loan Agreement, first effective on December 31, 2008, Old GM was required to comply with certain limitations on executive compensation. The most significant of these included:

- Prohibition of any severance payable to an SEO (Senior Executive Officer who is also a Named Executive Officer) and the next five most highly compensated employees (MHCEs);
- No tax deduction for any compensation in excess of $500,000 paid to an SEO;
- Prohibition of any bonus or incentive compensation payments to or accruals for the 25 MHCEs (including the SEOs), unless otherwise approved by the UST;
- Prohibition from adopting or maintaining any compensation plan that would encourage manipulation of reported earnings;
- Clawback of any bonuses or other compensation paid to any SEO in violation of any of the executive compensation provisions of the UST Loan Agreement;
- Prohibitions on incentives for SEOs that might encourage them to take unnecessary or excessive risks and a requirement that the Committee review SEO compensation arrangements with the chief risk officer within 120 days of entering into the UST Loan Agreement and quarterly thereafter; and
- Prohibition on owning or leasing private aircraft and limitations on expenditures for corporate events, travel, consultants, real estate, and corporate offices.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

These provisions also prohibited the payment of all outstanding equity awards granted prior to December 31, 2008 and disclosed in the "Outstanding Awards at Fiscal Year-End" table to the Named Executive Officers unless approved by the UST.

Bankruptcy Proceedings. On June 1, 2009, Old GM filed a motion for reorganization under the provisions of Chapter 11 of the United States Bankruptcy Code, as amended. In connection with the bankruptcy proceedings on July 10, 2009 we completed the 363 Sale and executed the UST Credit Agreement. The UST Credit Agreement reiterated the provisions of the UST Loan Agreement with respect to executive compensation and incorporated the requirements of the TARP Standards.

UST Interim Final Rule on TARP Standards for Compensation and Corporate Governance and Appointment of Special Master. On June 15, 2009 the UST published its Interim Final Rule on TARP Standards for Compensation and Corporate Governance, including the appointment of a Special Master and requirements for the approval by him of all compensation plans and payments for Old GM's SEOs and the next 20 MHCEs, as well as the compensation structure for Old GM's top 100 executives.

Base Salaries. At Mr. Wagoner's recommendation, and with the concurrence of the other executives, Old GM's Compensation Committee had reduced the base salaries of Old GM's most senior executives as follows on January 1, 2009:

- Mr. G. Richard Wagoner, Jr. — Chairman and Chief Executive Officer — $1.00 Annual Salary
- Mr. Frederick A. Henderson — President and Chief Operating Officer — 30% Annual Salary Reduction
- Mr. Ray G. Young — Executive Vice President and Chief Financial Officer — 20% Annual Salary Reduction

The remaining three Old GM Named Executive Officers (Mr. Robert S. Osborne, Mr. Carl-Peter Forster, and Mr. Nick S. Cyprus) received 10% salary reductions on May 1, 2009.

Annual Incentive Plan (AIP). Due to the severe economic downturn and Old GM's financial condition, no AIP target awards were established for Old GM's CEO and Old GM's SLG for 2009.

Long-Term Incentive Awards. In conjunction with Old GM's bankruptcy, all unexercised Old GM stock options, unvested restricted stock units, and unvested equity incentive plan awards were left in MLC with no consideration paid to the employees. Old GM did not make any new long-term award grants during 2009.

Perquisites and Benefits. Also as a result of the bankruptcy filing, Old GM reduced or eliminated certain employee benefits, including the following:

- Executive Retirement Plan (ERP) — For executives that were still active employees, ERP benefit accruals were reduced by 10% effective with the closing of the 363 Sale. For executives that were retired from Old GM with an annual pension benefit below $100,000, ERP benefits were reduced by 10% effective with the closing of the 363 Sale. In addition, executives that were retired from Old GM with an annual pension benefit above $100,000, the ERP benefit payable above $100,000 was reduced by two-thirds effective with the closing of the 363 Sale. Additional modifications to the ERP are discussed in the "Retirement Program Applicable to Executive Officers."

- Supplemental Life Benefits Program (SLBP) — The SLBP benefit for certain executive retirees was reduced by 50% effective May 1, 2009. Additional modifications to the SLBP are discussed in footnote (4) of the "All Other Compensation" section.

Compensation Discussion and Analysis — GM

Our Board of Directors was appointed in July 2009, following the 363 Sale. Upon its appointment, our Board began a review of the senior leadership team to assure that we have the right leadership to return the Company to sustained profitability. Our new leadership team was selected for their strategic orientation and ability to implement decisions quickly and effectively.

Objectives and Elements of GM's Compensation Program As discussed in the "Executive Compensation Committee" section, the Committee must balance the need to provide competitive compensation and benefits with the guidelines and requirements of the

Table of Contents

UST Credit Agreement and in the TARP regulations as they apply to Exceptional Assistance Recipients. Working with the Special Master for TARP Compensation the Committee reviewed and approved corporate goals and objectives related to compensation and set individual compensation amounts for the CEO and Named Executive Officers.

Between July 10 and December 31, 2009, representatives of management and the Compensation Committee met frequently and participated in several telephonic discussions with the Special Master to establish TARP compliant compensation, benefit, and incentive plans. Overall, "TARP compliant" compensation structures for our senior executives, including the Named Executive Officers, must be consistent with the following six general principles articulated by TARP regulations:

- **Risk.** The compensation structure should avoid incentives to take unnecessary and excessive risk, e.g., should be paid over a time horizon that takes into account the appropriate risk horizon;
- **Taxpayer Return.** The compensation paid should recognize the need for GM to remain viable and competitive, and to retain and recruit critical talent;
- **Appropriate Allocation.** The structure should appropriately allocate total compensation to fixed and variable pay elements resulting in an appropriate mix of long- and short-term pay elements;
- **Performance-Based Compensation.** An appropriate portion of total compensation should be performance based over a relevant performance period;
- **Comparable Structures and Payments.** Structures and amounts should be competitive with those paid to persons in similar positions at similarly situated companies; and
- **Employee Contribution to TARP Recipient Value.** Compensation should reflect the current and prospective contributions of the individual employee to the value of the Company.

Total Compensation Framework

With these principles in mind, the Special Master determined that the following standards would be applied in setting compensation for our Named Executive Officers:

- Cash — Base salary should not exceed $500,000 per year, except in appropriate cases for good cause shown. Guarantees of "bonus" or "retention" awards are not permitted for Named Executive Officers. Overall, cash compensation for senior executives was reduced 31% from 2008 levels.
- Salary stock – comprises the majority of each senior executive's total annual compensation. Salary stock units (SSUs) vest immediately and are payable in three equal, annual installments beginning on the second anniversary of the quarter in which they were deemed to have been granted, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.
- Long-term restricted stock units — should not exceed one-third of total annual compensation and will be based on annual business performance. The restricted stock units will be forfeited unless the employee remains with the Company for at least three years following grant, and will only be redeemed after the third anniversary date of the grant in 25% installments for each 25% installment of our TARP obligations that is repaid.
- Benefits and perquisites –All "other" compensation and perquisites may not exceed $25,000 for Named Executive Officers except in exceptional circumstances for good cause shown (e.g., payments related to expatriate assignments). No severance benefits may be accrued or tax "gross-ups" paid, and no additional amounts under supplemental executive retirement plans or other "non-qualified deferred compensation" plans could be credited after October 22, 2009 for Messrs. Young, Cole, and Henderson, and after December 11, 2009 for Messrs. Stephens and Lutz.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Total annual compensation for each senior executive reflects the individual's value to GM and was targeted at the 50th percentile of total compensation provided to persons in similar positions or roles at similar companies. Total direct compensation, excluding benefits and perquisites, for senior executives was decreased 24.7% from 2008 levels. All incentives paid to these Named Executive Officers are subject to recovery or "clawback" if payments are later found to be based on materially inaccurate financial statements or other materially inaccurate performance metrics, or if the executive is terminated due to any misconduct that occurred during the period in which the incentive was earned.

Assessing Compensation Competitiveness

With the completion of the 363 Sale, the starting point for our compensation planning was assuring compensation competitiveness and leadership strength. For this reason, although recognizing that our 2009 program would be shaped by the parameters of the TARP regulations for Exceptional Assistance Recipients, we began our planning with a review of our compensation program in comparison to compensation opportunities provided by other large companies. We cannot limit the group to our industry alone because compensation information is not available from most of our major competitors. We also believe it is important to understand the compensation practices for Named Executive Officers at other U.S. based multinationals as it affects our ability to attract and retain diverse talent around the globe.

During 2009 we used a comparator group of 23 companies whose selection was based on the following criteria:

- Large Fortune 100 companies (annual revenue from $18.4 billion to $477.3 billion);
- Complex business operations, including significant research and development, design, engineering, and manufacturing functions with large numbers of employees;
- Global enterprises;
- Broad representation across several industries of companies that produce products, rather than services.

2009 Comparator Companies

Company	GICS Category	Company	GICS Category
Ford Motor Company	Consumer Discretionary	Johnson & Johnson	Consumer Staples
Johnson Controls Inc.	Consumer Discretionary	Pepsico, Inc.	Consumer Staples
Dell	IT	The Procter & Gamble Company	Consumer Staples
Hewlett-Packard Company	IT	Chevron Corporation	Energy
International Business Machines Corporation	IT	Conoco Phillips	Energy
Alcoa, Inc.	Industrial	Exxon Mobil Corporation	Energy
The Boeing Company	Industrial	Abbott Laboratories	Healthcare
Caterpillar Inc.	Industrial	Pfizer	Healthcare
General Electric Company	Industrial	Archer Daniels Midland Company	Materials
Honeywell International Inc.	Industrial	E.I. du Pont De Nemours & Company	Materials
Lockheed Martin	Industrial	The Dow Chemical Company	Materials
United Technologies Corporation	Industrial		

Role of Management in Compensation Decisions

During his tenure as CEO, Mr. Henderson believed compensation had an important function in aligning and motivating the executive team to achieve key corporate objectives, and he played an active role in the development of our compensation plans. He personally reviewed the proposed individual compensation of our SLG. Mr. Henderson attended Compensation Committee meetings at the invitation of the Chairman and provided input to the Compensation Committee regarding the compensation of the Named Executive Officers reporting to him.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 Compensation for Named Executive Officers

Based on the compensation objectives and elements described above, and in cooperation with the Special Master for TARP Compensation, 2009 compensation was established for our Named Executive Officers listed below and described in the tables that follow this report:

Edward E. Whitacre, Jr.	Chairman of the Board and Chief Executive Officer
Thomas G. Stephens	Vice Chairman, Global Product Operations
Robert A. Lutz	Vice Chairman
Ray G. Young	Executive Vice President and Chief Financial Officer
Kenneth W. Cole	Vice President, Global Public Policy and Government Relations
Frederick A. Henderson	President and Chief Executive Officer (Separated)
G. Richard Wagoner, Jr.	Chairman of the Board and Chief Executive Officer (Retired)

Base Salaries and Salary Stock

As noted above in our discussion of TARP principles and Special Master guidelines, cash base salaries for Named Executive Officers of TARP Exceptional Assistance Recipients are not allowed to exceed $500,000 per year, except in appropriate cases approved by the Special Master for good cause shown (e.g., the retention of critical talent and competitive compensation data for individuals in comparable positions). We relied on our comparator information for similar positions to support our recommendations for setting base salaries for each Named Executive Officer. Although cash salaries exceeded the $500,000 guideline in all cases except Mr. Young and Mr. Cole as shown in the table below, they are well below the cash base salaries paid at comparator companies and are supplemented by the amounts set for SSUs for each senior executive.

We finalized our compensation planning for Named Executive Officers with the Special Master in late 2009. Although base salaries had been impacted by reductions earlier in 2009, in determining the total annual compensation, including new salary amounts, for Messrs. Stephens, Lutz, Young, Cole, and Henderson, we relied on the comparator data for total compensation at the 50th percentile for each respective position. We then excluded one-third of the value for long-term restricted stock units, and adjusted the allocation between cash and SSUs in accordance with TARP guidelines as follows:

	Cash Salary	SSUs	Total
Mr. Stephens	$ 900,000	$ 945,833	$1,845,833
Mr. Lutz	$ 900,000	$1,070,833	$1,970,833
Mr. Young	$ 500,000	$ 576,668	$1,076,668
Mr. Cole	$ 500,000	$ 935,543	$1,435,543
Mr. Henderson	$ 950,000	$2,421,668	$3,371,668

SSUs were granted to senior executives each pay period following approval by the Special Master. SSUs are determined as a dollar amount through the date salary is earned, accrued at the same time as salary would otherwise be paid, and vest immediately upon grant, with the number of SSUs based on the most current value of the Company on the date of the grant. To assure that our compensation structure appropriately allocates a portion of compensation to long-term incentives, these vested units will become payable in three equal, annual installments beginning on the second anniversary of the quarter in which they were deemed to have been granted, with each installment payable one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced. As the compensation plans were not finalized until late in 2009, amounts earned for earlier 2009 pay periods will become payable on their anniversary dates as if they had been credited on a *nunc pro tunc* basis throughout 2009 beginning January 1, and will be paid on the anniversary of the quarter in which they were deemed to have been granted.

Mr. Whitacre was named CEO on December 1, 2009. He received no 2009 cash salary or SSU grant as he was not an employee of the Company during the 2009 fiscal year. His compensation was paid in the form of a director's retainer as described in the following "Summary Compensation Table."

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Mr. Wagoner retired on August 1, 2009. His compensation was reduced to $1 on January 1, 2009, and he did not receive a salary increase or an SSU grant in 2009. His retirement benefit was determined under the provisions of Old GM SRP and Old GM ERP plans.

Long-Term Restricted Stock

Long-term restricted stock unit grants were planned and reviewed with the Special Master as part of our overall compensation structure. These grants are based on 2009 operating cash flow results against targeted performance, and were granted on March 15, 2010, to Named Executive Officers in the following amounts: Mr. Stephens, $1,016,667 and Mr. Young, $630,000.

"Other" Compensation, Benefits, and Perquisites

Pursuant to TARP regulations, the Special Master determined that no more than $25,000 in total "other" compensation and perquisites may be provided to Named Executive Officers, absent exceptional circumstances for good cause shown. Payments related to expatriate assignments are not included in this total. Detailed disclosure of these items for the Named Executive officers appears in footnote (9) to the "Summary Compensation Table," and any exceptions to this guideline were reviewed and approved by the Special Master.

2009 accruals for non-qualified supplemental executive retirement and deferred compensation plans for Named Executive Officers ceased as described in "Summary Compensation Table" footnote (9). No severance payment to which a Named Executive Officer becomes entitled in the future may take into account any salary increase or payment of salary stock awarded during 2009, and none of the Named Executive Officers may receive a severance payment of any kind during the TARP period.

Stock Ownership Guidelines

We continue to believe it is important to align the interests of senior executives with those of stockholders, and will review our stock ownership guidelines and practices after an IPO has been completed.

Employment Agreements

We had no employment agreements with Messrs. Stephens, Young, or Henderson that provided them with special compensation arrangements. In addition, we do not maintain any plan providing benefits related to a change-in-control of the Company, and none of our current incentive plans contain such provisions. Employment arrangements with Messrs. Whitacre, Lutz, and Cole are discussed following the "Potential Payments Upon Termination or Change in Control" section.

Recoupment Policy on Incentive Compensation

In October 2006, the Old GM Board adopted a policy regarding the recoupment of incentive compensation paid to executive officers after January 1, 2007 and unvested portions of awards previously granted in situations involving financial restatement due to employee fraud, negligence, or intentional misconduct. The policy was published on Old GM's Web site. In addition, Old GM included provisions in all executive incentive and deferred compensation plans referencing Old GM's Board compensation policies, and required that the compensation of all executives covered by this policy be subject to this recoupment clause.

On September 8, 2009, our Board reaffirmed this policy and re-published it on our Web site, consistent with the requirements for TARP recipients. Our recoupment policy now provides that if our Board or an appropriate committee thereof has determined that any bonus, retention award, or incentive compensation has been paid to any Senior Executive Officer or any of the next 20 MHCEs of the Company based on materially inaccurate misstatement of earnings, revenues, gains, or other criteria, the Board or Compensation Committee shall take, in its discretion, such action as it deems necessary to recover the compensation paid, remedy the misconduct, and prevent its recurrence. For this purpose, a financial statement or performance metric shall be treated as materially inaccurate with respect to any employee who knowingly engaged in providing inaccurate information or knowingly failed to timely correct information relating to those financial statements or performance metrics.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Luxury Expense Policy

As required by TARP regulations, we have adopted a luxury expense policy and published it on our Web site. The policy's governing principles establish expectations for every business expense, embodying the integrity and values that promote the best interests of the enterprise.

Luxury or excessive expenditures are not reimbursable under the policy. Such expenditures may include, but are not limited to expenditures on entertainment or events, office and facility renovations, aviation, transportation services, or other activities or events that are not reasonable expenditures for staff development, performance incentives, or other similar measures conducted in the normal course of business operations. Guidelines relating to transportation expenses are discussed in the "All Other Compensation" table that follows this report.

Tax Considerations

As a recipient of TARP funds, 2009 base salaries for Named Executive Officers, up to an individual maximum of $500,000 were tax deductible. No tax deductions for performance-based incentive awards are allowable.

2010 Compensation for Named Executive Officers

We have developed our 2010 compensation structure for our Named Executive Officers pursuant to the provisions of the UST Credit Agreement, Special Master Determinations, and TARP regulations. The elements of these plans are based on the same principles as our 2009 plans:

- Avoidance of incentives to take unnecessary and excessive risk;
- Recognition of the need for us to remain viable and competitive, and to retain and recruit critical talent;
- Appropriate allocation of total compensation to fixed, variable, long term, and short term pay elements;
- Pay is performance-based over a relevant performance period;
- Structures and amounts are competitive with those paid to employees in comparable positions by similarly situated companies; and
- The employee's contribution to enterprise value is recognized.

With these principles as a foundation, we will again compensate our Named Executive Officers with cash salary, SSUs, and performance-based long-term restricted stock units, consistent with proportions and guidelines utilized in our 2009 plans and determinations made by the Special Master.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Year	(c) Salary $	(d) Bonus $	(e) Stock Awards (6)	(f) Stock Options (7) $	(g) Non-Equity Incentive Plan Compensation $	(h) Pension Value and N Q Deferred Compensation (8) $	(i) All Other Compensation (9) $	(j) TOTAL $
Whitacre, Jr., E.E. (1)	2009							$ 181,308	$ 181,308
Chairman and CEO									
Stephens, T.G.	2009	$1,087,500	$ 0	$ 945,833	$ 0	$ 0	$ 0	$ 78,785	$ 2,112,118
Vice Chairman - Global	2008	$ 970,833	$ 0	$1,375,000	$ 637,875	$ 0	$ 644,300	$ 140,621	$ 3,768,629
Product Operations	2007	$ 825,000	$ 0	$2,218,637	$ 437,500	$ 468,000	$ 1,528,100	$ 112,499	$ 5,589,736
Lutz, R.A.	2009	$1,379,167	$ 0	$1,070,833	$ 0	$ 0	$ 0	$ 175,854	$ 2,625,854
Vice Chairman	2008	$1,678,000	$ 0	$4,387,800	$1,822,500	$ 0	$ 0	$ 674,199	$ 8,562,499
	2007	$1,279,167	$ 0	$4,018,283	$2,187,500	$1,026,000	$ 0	$ 516,506	$ 9,027,456
Young, R.G. (2)	2009	$ 683,333	$ 0	$ 576,668	$ 0	$ 0	$ 345,200	$ 21,573	$ 1,626,774
Executive Vice President and Chief Financial Officer	2008	$ 850,000	$ 0	$1,007,234	$ 637,875	$ 0	$ 85,000	$ 93,003	$ 2,673,112
Cole, K.W. (3)	2009	$ 643,417	$785,000	$ 935,543	$ 0	$ 0	$ 0	$ 49,907	$ 2,413,867
Vice President Global Public Policy and Gov't. Rel.									
Henderson, F.A. (4)	2009	$1,208,333	$ 0	$2,421,668	$ 0	$ 0	$ 0	$ 400,764	$ 4,030,765
President and CEO (Sep)	2008	$1,719,667	$ 0	$3,422,030	$3,222,500	$ 0	$ 264,500	$ 348,710	$ 8,977,407
	2007	$1,279,167	$ 0	$4,018,283	$2,187,500	$1,026,000	$ 748,300	$ 805,848	$10,065,098
Wagoner, Jr., G.R. (5)	2009	$ 1	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,833,809	$ 2,833,810
Chairman and CEO (Ret)	2008	$2,108,333	$ 0	$4,786,076	$7,145,000	$ 0	$ 1,583,800	$ 836,703	$16,459,912
	2007	$1,558,333	$ 0	$7,308,783	$4,375,000	$1,802,000	$ 4,020,400	$ 697,358	$19,761,874

(1) Mr. Whitacre was named Chairman and CEO effective December 1, 2009. He was elected Chairman of our Board of Directors on July 10, 2009. The compensation shown in All Other Compensation reflects retainer amounts paid to him for his service as Board member, Governance Committee Chair, and Chairman of the Board during fiscal year ending December 31, 2009.

(2) Mr. Young was appointed Vice President-International Operations in Shanghai, China on February 1, 2010. During the fiscal year ending December 31, 2009 he served as Executive Vice President and Chief Financial Officer of Old GM and GM. Mr. Christopher P. Liddell was appointed Vice Chairman and Chief Financial Officer on January 1, 2010.

(3) On December 30, 2009, Mr. Cole announced that he would retire in 2010. He will continue to provide public policy support as a special advisor until his retirement. Mr. Cole's guaranteed payment of $785,000 was made pursuant to the terms of his employment agreement with Old GM and pre-dated the UST Credit Agreement. This payment was reviewed with the UST as part of our 2009 compensation planning and the agreement was terminated on September 4, 2009.

(4) Mr. Henderson was appointed President and CEO of Old GM on March 29, 2009. He had been President and Chief Operating Officer of Old GM since March 3, 2008. He was subsequently appointed President and CEO of GM on July 10, 2009. He resigned as a director and as President and CEO of GM on December 1, 2009. His employment terminated on December 31, 2009. As a result of his employment termination, Mr. Henderson is only eligible for a deferred vested pension benefit from the SRP.

(5) Mr. Wagoner resigned as a director and as Chairman and CEO of Old GM on March 29, 2009. He retired on August 1, 2009.

(6)(7) For 2009, the amounts shown in this column reflect the value of SSUs at their grant dates to each of the Named Executive Officers. Individual grants are discussed previously in the "CD&A", as well as in the "2009 Grants of Plan Based Awards" table and narrative. We describe the valuation assumptions used in measuring the expense in Note 29 to the consolidated financial statements, "Stock Incentive Plans."

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The 2008 and 2007 awards include equity awards and stock options granted by Old GM to the Named Executive Officers. These 2008 and 2007 awards are included in the Summary Compensation Table above at their grant date fair value and we describe the valuation assumptions used in measuring the expense in Note 29 to the consolidated financial statements, "Stock Incentive Plans." These Old GM awards have no future value as we did not assume them on July 10, 2009. A more accurate reflection of their expected value is shown in the following table:

Name and Principal Position	Year	Salary $	Bonus $	Stock Awards	Stock Options $	Non-Equity Incentive Plan Compensation $	Change in Pension Value and NQ Deferred Compensation $	All Other Compensation $	TOTAL $
Stephens, T.G.	2008	$ 970,833	$ 0	$ 0	$ 0	$ 0	$ 644,300	$ 140,621	$1,755,754
Vice Chairman - Global Product Operations	2007	$ 825,000	$ 0	$ 0	$ 0	$ 468,000	$1,528,100	$ 112,499	$2,933,599
Lutz, R.A.	2008	$1,678,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 674,199	$2,352,199
Vice Chairman	2007	$1,279,167	$ 0	$ 0	$ 0	$1,026,000	$ 0	$ 516,506	$2,821,673
Young, R.G. Executive Vice President and Chief Financial Officer	2008	$ 850,000	$ 0	$ 0	$ 0	$ 0	$ 85,000	$ 93,003	$1,028,003
Henderson, F.A.	2008	$1,719,667	$ 0	$ 0	$ 0	$ 0	$ 264,500	$ 348,710	$2,332,877
President and CEO (Sep)	2007	$1,279,167	$ 0	$ 0	$ 0	$1,026,000	$ 748,300	$ 805,848	$3,859,315
Wagoner, Jr., G.R.	2008	$2,108,333	$ 0	$ 0	$ 0	$ 0	$1,583,800	$ 836,703	$4,528,836
Chairman and CEO (Ret)	2007	$1,558,333	$ 0	$ 0	$ 0	$1,802,000	$4,020,400	$ 697,358	$8,078,091

(8) Pension values actuarially decreased during 2009 for Messrs. Stephens, Lutz, Cole, Henderson, and Wagoner but are shown in column (h) as $0, consistent with SEC reporting guidelines.

(9) ***All Other Compensation*** — Totals for amounts reported as All Other Compensation in column (i) are described below. Mr. Whitacre did not participate in these plans during 2009; the amount reported as his All Other Compensation reflects the amount paid to him as a director.

	E. E. Whitacre, Jr.	T. G. Stephens	R. A. Lutz	R. G. Young	K. W. Cole	F. A. Henderson	G. R. Wagoner, Jr.
(i) Personal Benefits	$ 2,091	$ 15,735	$ 55,829	$ 11,829	$ 11,888	$ 377,924	$ 289,660
(ii) Tax Reimbursements		$ 5,294	$ 5,626	$ 1,798	$ 3,139	$ 2,039	$ 5,687
(iii) Savings Plan Contributions		$ 9,334	$ 36,049	$ 1,650	$ 15,540	$ 2,888	$ 0
(iv) Insurance and Death Benefits		$ 47,322	$ 77,250	$ 5,196	$ 18,915	$ 16,813	$ 2,537,362
(v) Other	$ 179,217	$ 1,100	$ 1,100	$ 1,100	$ 425	$ 1,100	$ 1,100
Total All Other Compensation	$ 181,308	$ 78,785	$175,854	$ 21,573	$ 49,907	$ 400,764	$ 2,833,809

(i) See "Personal Benefits" table below for additional information.

(ii) Includes payments made on the executives' behalf by the Company for the payment of taxes related to executive company program vehicles from January 1 until June 15, 2009, and for spousal accompaniment on business travel.

(iii) Includes employer contributions to tax-qualified and non-qualified savings and excess benefit plans. For Messrs. Lutz and Cole, amounts also include tax-qualified retirement plan contributions and post-retirement healthcare contributions; the non-qualified retirement plan contributions are included in the "2009 Pension Benefits" table. Non-qualified employer contributions were suspended for Messrs. Young, Cole, and Henderson on October 22, 2009, and for Messrs. Stephens and Lutz on December 11, 2009.

(iv) Includes Supplemental Life Benefits Program cash benefits paid upon the death of an active executive at three times annual salary for executives appointed prior to January 1, 1989 and two times annual salary for executives appointed on January 1, 1989

Table of Contents

or later. No income is imputed to the executive and the benefit is taxable as ordinary income to survivors when paid. The incremental cost reflects amounts contained in IRS Table 1 for insurance premiums at comparable coverage limits based on the executive's age. SLBP benefits were eliminated for retirees on August 1, 2009. SLBP benefits for active executives will be eliminated effective May 1, 2010 and benefits will be provided under a Group Variable Universal Life insurance plan. The amount shown for Mr. Wagoner represents the taxable cash value proceeds of a split dollar life insurance policy maintained for him by the Company. The Company terminated the policy, received a return of the cash value, and paid the proceeds to him following his retirement.

(v) Includes the cost of premiums for personal umbrella liability insurance. Program coverage was eliminated January 1, 2010, and existing program participants were allowed to continue coverage on a self-paid basis. For Mr. Whitacre, cost includes annual retainer, Governance Committee Chair, and Chairman of the Board fees and personal accident insurance premium.

Personal Benefits — Amounts shown below for personal benefits include the incremental costs for executive security services and systems, the executive company vehicle program, executive health evaluations, and financial counseling. During 2009 we divested ourselves of any private passenger aircraft or any interest in such aircraft, and private passenger aircraft leases, and we did not maintain company aircraft for employees' business or personal use.

	E. E. Whitacre, Jr.	T. G. Stephens	R. A. Lutz	R. G. Young	K. W. Cole	F. A. Henderson	G. R. Wagoner, Jr.
(i) Security	$ 0	$ 1,924	$45,313	$ 1,313	$ 0	$ 364,428	$ 276,144
(ii) Company Vehicle Program	$ 2,091	$ 1,516	$ 1,516	$ 1,516	$ 1,516	$ 1,516	$ 1,516
(iii) Financial Counseling	$ 0	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 12,000
(iv) Medical Evaluations	$ 0	$ 3,295	$ 0	$ 0	$ 1,372	$ 2,980	$ 0
Total	$ 2,091	$ 15,735	$55,829	$ 11,829	$ 11,888	$ 377,924	$ 289,660

(i) As part of a comprehensive security study, residential security systems and services were maintained for Messrs. Wagoner and Henderson and vehicles and drivers are available for business-related functions. The associated cost includes the actual costs of the residential systems including installation and monitoring of security systems and allocation of staffing expenses for personal protection during 2009. Vehicle and driver costs associated with daily commuting are deemed "personal benefits," and, as such, are imputed as income to the executives and are included at their full incremental cost in these security expenses. In 2009 they totaled $22,799 for Mr. Lutz, $996 for Mr. Stephens, $1,313 for Mr. Young, $16,752 for Mr. Henderson, and $4,559 for Mr. Wagoner.

(ii) Includes the incremental cost to maintain the executive company vehicle program fleet that is allocated to each executive and includes lost sales opportunity and incentive costs, if any; fuel, maintenance, and repair costs; insurance claims, if any; licensing and registration fees; and use taxes. Executives electing to participate in the program are required to purchase or lease at least one GM vehicle every four years and asked to evaluate the vehicles they drive, thus providing feedback about our products. Participants are required to pay a monthly administration fee of $300 and are charged with imputed income based on the value of the vehicle they choose to drive. During part of 2009, participants were reimbursed for taxes on this income, subject to a maximum vehicle value. Beyond this maximum amount, taxes assessed on imputed income are the responsibility of the participant. Tax "gross-ups" were eliminated on June 15, 2009 for Named Executive Officers and on February 1, 2010 for other executives. Mr. Whitacre's vehicle was provided under the provisions of the vehicle program for directors.

(iii) Costs associated with financial counseling and estate planning services with one of several approved providers.

(iv) Costs for medical services incurred by the Corporation in providing executive health evaluations with one of several approved providers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 GRANTS OF PLAN BASED AWARDS

As a TARP recipient under the jurisdiction of the Special Master, we have adopted a new equity compensation plan, the Salary Stock Plan. Pursuant to plan terms and upon approval of the Special Master, Named Executive Officers receive a portion of their total annual compensation in the form of salary stock units (SSUs). In 2009 SSUs were granted on each salary payment date to Named Executive Officers in lieu of a portion of their total annual compensation based on the most current valuation of the Company as determined by an independent third party. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to have been granted, and may be paid one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name (1)	Award Type	Grant Date	Approval Date (2)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share) ($)	Grant Date Fair Value of Stock and Option Awards ($)
T. G. Stephens	SSU	12/31/2009	11/2/2009							17,522			945,833
R. A. Lutz	SSU	12/31/2009	11/2/2009							19,838			1,070,833
R. G. Young	SSU	11/13/2009	11/2/2009							3,709			144,167
	SSU	11/30/2009	11/2/2009							3,709			144,167
	SSU	12/15/2009	11/2/2009							3,709			144,167
	SSU	12/31/2009	11/2/2009							2,671			144,167
													576,668
K. W. Cole	SSU	11/13/2009	11/2/2009							2,632			102,306
	SSU	11/30/2009	11/2/2009							2,632			102,306
	SSU	12/15/2009	11/2/2009							2,632			102,306
	SSU	12/31/2009	11/2/2009							11,646			628,625
													935,543
F. A. Henderson	SSU	11/13/2009	11/2/2009							15,576			605,417
	SSU	11/30/2009	11/2/2009							15,576			605,417
	SSU	12/15/2009	11/2/2009							15,576			605,417
	SSU	12/31/2009	11/2/2009							11,216			605,417
													2,421,668

(1) Messrs. Whitacre and Wagoner are not included in this table as they did not receive grants under this plan during 2009

(2) On November 2, 2009 the ECC took action to approve grants of SSUs to be made on various salary payment dates as determined by and subject to the approval of the Special Master. The unit value for the November 13, November 30, and December 15 grant dates was $38.87 based on the July 10, 2009 valuation. The unit value for the December 31 grant date was $53.98, based on the December 31, 2009 valuation. When salary amounts were converted to SSUs, fractional shares were rounded up to the nearest whole share.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2009

All of the awards reflected in the table below were granted by Old GM and all obligations in respect thereto were retained by Old GM. The awards reflected in this table, while valued as required by SEC rules, are expected to have a realized value of $0. This table does not include any SSUs we granted in 2009 to our Named Executive Officers.

(a)	Option Awards (1)						Stock Awards				
		(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)	(j)
Name	Grant Date	Number of Securities Underlying Unexercised Options (# Exercisable)	Number of Securities Underlying Unexercised Options (# Un-exercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (3)
		(#)	(#)	(#)	($)			(#)	($)	(#)	($)
T. G. Stephens	3/05/2008	29,168	58,332		23.13	3/06/2018	3/05/2008	22,688	10,686	2,760	1,300
	3/20/2007	33,334	16,666		29.11	3/21/2017	3/20/2007	15,000	7,065		
	2/23/2006	36,000			20.90	2/24/2016					
	1/24/2005	32,000			36.37	1/25/2015					
	1/23/2004	32,000			53.92	1/24/2014					
							6/02/2003	9,000	4,239		
	1/21/2003	40,000			40.05	1/22/2013					
	2/04/2002	20,000			50.82	2/05/2012					
	1/07/2002	40,000			50.46	1/08/2012					
	1/08/2001	20,000			52.35	1/09/2011					
	1/10/2000	18,000			75.50	1/11/2010					
R. A. Lutz	3/05/2008	83,334	166,666		23.13	3/06/2018	3/05/2008	60,000	28,260	18,396	8,665
	3/20/2007	166,667	83,333		29.11	3/21/2017	3/20/2007	36,000	16,956		
	2/23/2006	106,664			20.90	2/24/2016					
	1/24/2005	160,000			36.37	1/25/2015					
	1/23/2004	160,000			53.92	1/24/2014					
	1/21/2003	200,000			40.05	1/22/2013					
	2/04/2002	100,000			50.82	2/05/2012					
	1/07/2002	100,000			50.46	1/08/2012					
	9/04/2001	200,000			54.91	9/05/2011					
R. G. Young	3/05/2008	29,168	58,332		23.13	3/06/2018	3/05/2008	20,236	9,531	2,760	1,300
	3/20/2007	10,000	5,000		29.11	3/21/2017	3/20/2007	3,651	1,720		
	2/23/2006	10,000			20.90	2/24/2016					
							6/06/2005	29,412	13,853		
	1/24/2005	12,800			36.37	1/25/2015					
	1/23/2004	12,800			53.92	1/24/2014					
	1/21/2003	16,000			40.05	1/22/2013					
	2/04/2002	7,000			50.82	2/05/2012					
	1/07/2002	14,000			50.46	1/08/2012					
	1/08/2001	7,500			52.35	1/09/2011					
	1/10/2000	6,000			75.50	1/11/2010					
K. W. Cole	3/05/2008	11,459	22,916		23.13	3/06/2018	3/05/2008	10,890	5,129	1,153	543
	3/20/2007	13,334	6,666		29.11	3/21/2017	3/20/2007	3,651	1,720		
	2/23/2006	15,000			20.90	2/24/2016					
	1/24/2005	16,000			36.37	1/25/2015					
	1/23/2004	16,000			53.92	1/24/2014					
	1/21/2003	20,000			40.05	1/22/2013					
	2/04/2002	10,000			50.82	2/05/2012					
	1/07/2002	20,000			50.46	1/08/2012					
	8/06/2001	20,000			63.76	8/07/2011					
G. R. Wagoner, Jr.	3/05/2008		500,000		23.13	3/05/2013					
	3/05/2008	500,000			23.13	3/06/2018					
	3/20/2007	500,000			29.11	3/21/2017	3/20/2007	57,000	26,847		
	2/23/2006	400,000			20.90	2/24/2016					
	1/24/2005	400,000			36.37	1/25/2015					
	1/23/2004	400,000			53.92	1/24/2014					
	1/21/2003	500,000			40.05	1/22/2013					
	2/04/2002	100,000			50.82	2/05/2012					
	1/07/2002	500,000			50.46	1/08/2012					
	1/08/2001	400,000			52.35	1/09/2011					
	6/01/2000	50,000			70.10	6/02/2010					
	1/10/2000	200,000			75.50	1/11/2010					

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2009
Old GM Plans

We did not assume any of the Old GM plans and we do not expect to pay any awards under these plans.

(1) The stock options in columns (b) and (c) above were granted by Old GM to the Named Executive Officers in a combination of non-qualified and Incentive Stock Options (ISOs) up to the IRC maximum limit on ISOs, on the grant dates shown. Options become exercisable in three equal annual installments commencing on the first anniversary of the date of grant. The ISOs expire ten years from the date of grant, and the non-qualified options expire two days later. However, we assumed none of these outstanding stock options and they are not expected to vest, be exercised, or have any future value.

(2) The amounts in columns (g) and (h) for 2008 and 2007 reflect RSU and CRSU grants by Old GM that, under their original terms, would vest ratably at various dates over several years. The awards are valued in column (h) based on the closing price of MLC Common Stock which is still being traded under the symbol MTLQQ (Pink Sheets) on December 31, 2009 ($0.471). However, we assumed none of these outstanding awards and they are not expected to vest, be earned, pay out, or have any future value.

(3) Amounts in columns (i) and (j) reflect long term incentive awards granted by Old GM to Named Executive Officers. Award opportunities cover the 2008-2010 performance period and were granted under the Old General Motors 2007 Long-Term Incentive Plan. Each unit in the table refers to a share of MLC Common Stock. The SPP grant may be earned in four discrete installments based on the Total Shareholder Return (TSR) ranking results of three one-year periods and one three-year period. Each installment, if earned, would have been credited as share equivalents and, at the end of the three-year performance period, the value of the number of share equivalents credited would be paid in cash based on the stock price at the end of the performance period. For the 2008-2010 plan, no amount was credited for the 2008 or 2009 periods, and the shares shown also reflect two remaining installments at the threshold (50%) level. The awards are valued in column (j) based on the closing price of MLC Common Stock on December 31, 2009 ($0.471). However, we assumed none of these outstanding awards and they are not expected to vest, be earned, pay out, or have any future value.

Mr. Henderson terminated employment on December 31, 2009, and forfeited all outstanding unvested equity awards.

2009 OPTION EXERCISES AND STOCK VESTED

[a]	Option Awards		Stock Awards	
	[b]	[c]	[d]	[e]
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
T. G. Stephens	0	0	17,522	945,833
R. A. Lutz	0	0	19,838	1,070,833
R. G. Young	0	0	13,798	576,668
K. W. Cole	0	0	19,542	935,543
F. A. Henderson	0	0	57,944	2,421,668

Old GM Plans

The Named Executive Officers exercised no stock options and did not acquire any shares or receive any cash payments as a result of vesting of RSUs, CRSUs, or outstanding performance shares. We assumed none of these outstanding stock options or equity awards. Pursuant to the UST Credit Agreement, we cannot pay or accrue any incentive compensation to Named Executive Officers. No awards granted prior to 2009 were paid out in 2009 when vesting or payment dates occurred and none are expected to pay out at any time in the future.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our Plans

During 2009, SSUs shown in columns (d) and (e) above were awarded to Named Executive Officers as a portion of their total annual compensation on each salary payment date as described in the "Grants of Plan Based Awards" table. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to have been granted. Although the compensation plans were not finalized until late in 2009, these SSUs are deemed to have been issued throughout 2009 on a *nunc pro tunc* basis (as if granted on various salary payroll dates beginning January 1, 2009) and will become payable beginning March 31, 2011, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

RETIREMENT PROGRAMS APPLICABLE TO EXECUTIVE OFFICERS

In 2006, benefit accruals under Old GM's U.S. pension plans were frozen effective December 31, 2006, and new pension plan formulas for U.S. and Canadian executive and salaried employees became effective for service on and after January 1, 2007. The implementation of these changes has had a significant impact on expected retirement benefit levels for executives, resulting in reductions generally ranging from 18% to greater than 50%, depending on the age of the executive at the time the new plan was implemented. We assumed these plans as amended on July 10, 2009.

Benefits for our U.S. executives may be from both a tax-qualified plan that is subject to the requirements of ERISA and from a non-qualified plan that provides supplemental benefits. Tax-qualified benefits are pre-funded and paid out of the trust assets of the Salaried Retirement Program (SRP) for executives with a length of service date prior to January 1, 2001. For executives with a length of service date between January 1, 2001 and December 31, 2006, tax-qualified benefits are pre-funded and paid out of the trust assets of the SRP for service prior to January 1, 2007 and are paid out of the Savings-Stock Purchase Program (S-SPP) for service after December 31, 2006. For executives with a length of service date on or after January 1, 2007, all tax-qualified benefits are paid out of the S-SPP. Non-qualified benefits are not pre-funded and are paid out of our general assets.

U.S. executive employees must be at least age 55 with a minimum of ten years of eligible service to be vested in the U.S. non-qualified ERP, and must have been an executive employee on the active payroll as of December 31, 2006 to be eligible for any frozen accrued non-qualified ERP benefit. As of December 31, 2009, Messrs. Stephens, Lutz, and Cole were eligible to retire under these provisions.

In May 2009, Old GM non-qualified ERP benefits for all executive retirees were reduced by 10%. In June and July of 2009, as a result of Old GM's amendment of ERP and the Old GM bankruptcy and 363 Sale, a number of ERP recipients had their non-qualified benefit further reduced. Effective August 1, 2009, following the 363 Sale, Old GM executive retirees with an annual combined qualified SRP benefit plus non-qualified ERP benefit over $100,000, had the portion of their ERP benefit above $100,000 reduced by two-thirds, inclusive of the 10% reduction to ERP benefits effective in May 2009. Also effective August 1, 2009, non-qualified ERP benefits accrued as of that date for active executives were frozen and reduced by 10%. Accruals resumed after August 1, 2009, based on the applicable ERP benefits formula described below. On October 22, 2009 and December 11, 2009 benefit accruals and company contributions under our deferred compensation plans were suspended by the Special Master pursuant to the UST Credit Agreement for SEOs and MHCEs.

Effective for service rendered on and after January 1, 2007, non-qualified retirement benefits for executive employees are determined under one of two methods, depending on an executive's length of service date. Executives retiring on and after January 1, 2007, will have all vested non-qualified retirement benefits (benefits accrued both before and after January 1, 2007) paid as a five-year annuity. Should the executive die within the five-year period, any remaining five-year annuity payments will be converted to a present value lump sum for payment to the executive's surviving spouse or, in the event there is no surviving spouse, the executive's estate. Should an executive die prior to retirement, any vested non-qualified benefits will be converted to a present value lump sum for payment to the executive's surviving spouse or, in the event there is no surviving spouse, the executive's estate. The interest rate used in determining the non-qualified five-year annuity retirement benefits referenced above is the average of the 30-year U.S. Treasury Securities rate for the month of July and is re-determined annually. This annual interest rate is then effective for retirements commencing October 1 through September 30 of the succeeding year.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

For executives with a length of service date prior to January 1, 2001, including Messrs. Stephens, Young, and Henderson, retirement benefits are calculated using a 1.25% Career Average Pay formula. Tax-qualified benefits will accrue for such executives with respect to the total of actual base salary plus eligible AIP final awards received while employed as an executive for service on and after January 1, 2007 equal to 1.25% of base salary plus eligible AIP final awards received up to the IRC 401(a)(17) compensation limit. Non-qualified benefits equal to 1.25% will accrue for such executives with respect to the total of actual base salary plus eligible AIP final awards received in excess of the IRC 401(a)(17) compensation limit. Eligible AIP final awards are defined as those paid with respect to annual incentive compensation performance periods commencing on and after January 1, 2007. Pro-rata annual incentive awards attributable to the year of retirement are not used in the calculation of any non-qualified benefits.

For executives with a length of service date on or after January 1, 2001, including Messrs. Lutz and Cole, retirement benefits are accumulated using a 4% defined contribution formula. Tax-qualified benefits are accrued for such executives with respect to the total of actual base salary and eligible AIP final awards received while employed as an executive for service on and after January 1, 2007, consisting of company contributions equal to 4% of base salary and eligible AIP final awards received up to the IRC 401(a)(17) compensation limit. Non-qualified benefits are accrued for executive service on or after January 1, 2007 consisting of notional contributions equal to 4% of base salary and eligible AIP final awards received in excess of the IRC 401(a)(17) compensation limit. Eligible AIP final awards are defined as those paid with respect to annual incentive compensation performance periods commencing on and after January 1, 2007. Pro-rata annual incentive awards attributable to the year of retirement are not used in the calculation of any non-qualified benefits. The notional contributions are credited into an unfunded individual defined contribution account for each executive. These individual accounts are credited with earnings based on investment options selected by the executive from a list approved by the Executive Compensation Committee.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 Pension Benefits

(a) Name	(b) Plan Name	(c) No. of Years of Eligible Service as of December 31, 2009(1) (#)	(d) Present Value of Accumulated Benefit(2) ($)	(e) Annual or Five Year Annuity Payable on December 31, 2009 Under GM Pension Plans ($)	(f) Present Value of December 31, 2009 Plan Benefits ($)
T. G. Stephens (3)	SRP	40.84	1,601,400	120,600	1,601,400
	ERP	40.84	6,785,100	1,534,400	6,785,100
			8,386,500		8,386,500
R. A. Lutz (4)	SRP	8.33	142,400	18,500	142,400
	ERP	17.33	4,345,600	982,700	4,345,600
			4,488,000		4,488,000
R. G. Young (5)	SRP	23.42	481,200	76,500	357,500
	ERP	23.42	1,000,300	0	0
			1,481,500		357,500
K. W. Cole (4)	SRP	8.42	144,900	11,500	144,900
	ERP	20.75	2,534,600	573,200	2,534,600
			2,679,500		2,679,500
F. A. Henderson (5)	SRP	25.50	631,500	85,200	468,500
	ERP	25.50	0	0	0
			631,500		468,500
G. R. Wagoner, Jr. (6)	SRP	32.00	1,105,400	70,100	1,105,400
	ERP	32.00	7,281,400	1,646,600	7,281,400
			8,386,800		8,386,800

(1) Eligible service recognizes credited service under the frozen qualified SRP, in addition to service under the new plan formulas. The 35-year cap on ERP service used in calculating the frozen accrued ERP benefits still applies. Also, as noted below, Mr. Cole was approved for 12 years and 4 months of additional service under the non-qualified ERP, and Mr. Lutz was approved for nine additional years of service.

(2) The present value of the SRP benefit amounts shown takes into consideration the ability of the executive to elect a joint and survivor annuity form of payment. For SRP and ERP benefits, the present value represents the value of the benefit accrued through December 31, 2009 and payable at age 60 (or immediately if over age 60). Benefits and present values reflect the provisions of the SRP and ERP as of December 31, 2009. Present values shown here are based on the mortality and discount rate assumptions used in the December 31, 2009 disclosures contained in footnotes to the consolidated financial statements.

(3) As of December 31, 2009, Mr. Stephens is eligible to retire under both the qualified and non-qualified GM retirement plans. The amounts shown in column (d) represent the present value of benefits accrued through December 31, 2009, payable at age 60 (or immediately if over age 60) as a lifetime annuity form of payment for the SRP and payable as a five year annuity form of payment for the ERP. The amounts shown in column (e) are payable immediately, with the SRP benefit reduced from age 62. The ERP benefit is unreduced at age 60. The amounts in column (f) are the present values of the benefits shown in column (e).

(4) Beginning January 1, 2007, benefits for Messrs. Cole and Lutz are accumulated using the 4% defined contribution formula and are included in the “2009 All Other Compensation Table.” The SRP amounts shown in column (d) only reflect their frozen Account Balance Plans, valued and payable immediately as a lifetime annuity.

Table of Contents

In addition, beginning January 1, 2007, benefits under the ERP for Messrs. Cole and Lutz are accumulated using the 4% defined contribution formula on the total of actual base and eligible AIP final awards received in excess of the IRS 401(a)(17) compensation limit. The ERP amounts in column (d) for Messrs. Cole and Lutz include their accumulated benefit under the 4% ERP defined contribution formula plus the frozen ERP benefit, valued and payable immediately as a five-year annuity form of payment. For purposes of calculating benefits under the frozen ERP, the Committee approved a combined total award of 12 years and 4 months of additional service credits for Mr. Cole on February 5, 2001 and February 6, 2006 and awarded nine additional years of service credits for Mr. Lutz on December 4, 2006.

(5) As of December 31, 2009, Messrs. Henderson and Young are not eligible to retire under any qualified or non-qualified retirement plan. Amounts shown in column (d) for Messrs. Henderson and Young represent the present value of benefits accrued through December 31, 2009 payable at age 60 as a lifetime annuity form of payment for the SRP with reduction from age 62, and payable as a five year annuity form of payment for the ERP. Upon termination of employment prior to retirement eligibility, Messrs. Henderson and Young are only eligible for a deferred vested benefit from the SRP, reduced for age if received prior to age 65. The amount shown in column (e) represents the annual deferred vested SRP benefit that would be payable commencing at age 65. The present value benefit shown in column (f) represents the amount that would be payable per SRP plan rules if taken at year-end 2009 as a lump sum. They would not have been eligible for ERP benefits if service terminated on December 31, 2009. Mr. Henderson did terminate employment on December 31, 2009, and, therefore, forfeited the ERP benefit, reflecting a zero value in column (d). He may elect to receive his deferred vested SRP benefit at any time.

(6) Mr. Wagoner retired from the Company on August 1, 2009, and commenced receipt of retirement benefits pursuant to the Old GM plan provisions applicable to Mr. Wagoner. His SRP benefit shown above in column (e) comprehends his election of a joint and survivor annuity form of payment. A significant portion of his non-qualified ERP benefits was reduced by two-thirds, consistent with the ERP reductions adopted by Old GM and applicable to Mr. Wagoner. Because Mr. Wagoner is a specified employee as defined by IRC 409A, he was subject to a six month waiting period before payment of his ERP benefits commenced.

2009 NONQUALIFIED DEFERRED COMPENSATION PLANS

Old GM Plans

Old GM maintained the following nonqualified deferred compensation plans for executives:

— The Deferred Compensation Plan (DCP) described below, and

— The Benefit Equalization Plan (BEP) included in “Our Plans” on the following pages.

In addition, certain incentive awards earned and vested under the incentive plans were subject to mandatory deferral.

The DCP permitted senior executives to defer a portion of their base salary, AIP, SPP, and RSU earnings into the plan. The plan included eight investment options, one of which was Old GM common stock. No deferrals into the plan have been allowed since December 31, 2005. Dividend equivalents were credited and paid on Old GM common stock units until suspended on July 14, 2008. We did not assume the DCP on July 10, 2009 and the DCP will be included in the liquidation and asset distribution of MLC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM Nonqualified Deferred Compensation Plans

Name (a)	Plan	Executive Contributions in the Last Fiscal Year (b)	Registrant Contributions in the Last Fiscal Year (c)	Aggregate Earnings in the Last Fiscal Year (d)	Aggregate Withdrawals and Distributions (e)	Aggregate Balance at 2009 Fiscal Year End (6) (f)
T. G. Stephens (1)	DCP	$ 0	$ 0	$ (108,757)	$ (48,080)	$ 0
R. A. Lutz (2)	DCP	$ 0	$ 0	$ (297,034)	$(131,316)	$ 0
	RSU			$ (204,675)		$ 35,325
						$ 35,325
R. G. Young (3)	DCP	$ 0	$ 0	$ (4,196)	$ (33,934)	$ 0
F. A. Henderson (4)	DCP	$ 0	$ 0	$ (135,369)	$(291,896)	$ 47,683
G. R. Wagoner, Jr. (5)	DCP	$ 0	$ 0	$ (35,921)	$(362,634)	$ 0
	RSU			$ (341,125)		$ 58,875
						$ 58,875

The table above reflects year-end balances and contributions, earnings, and withdrawals during the year for the DCP, as well as vested, but unpaid, RSUs for the Named Executive Officers. The plan does not provide for interest or earnings to be paid at above-market rates, so none of the amounts in column (d) have been reported in the Summary Compensation Table. Mr. Cole did not participate in the DCP and had no vested, but unpaid, incentive awards.

(1) On May 15, 2009 Mr. Stephens elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. The gross distribution included 44,110 shares of Old GM common stock at a share price of $1.09 and was subject to a 10% penalty pursuant to plan terms.

(2) On May 15, 2009 Mr. Lutz elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. The gross distribution included 120,473 shares of Old GM common stock at a share price of $1.09 and was subject to a 10% penalty pursuant to plan terms. 75,000 RSUs were granted to Mr. Lutz on January 21, 2003, in lieu of cash bonus, deliverable upon retirement or mutual separation. We did not assume any obligation in respect of these incentive awards. The amount shown is based on the December 31, 2009 MLC share price of $0.471. We estimate that the actual realizable value of these shares is $0.

(3) On May 15, 2009 Mr. Young elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms.

(4) On May 15, 2009 Mr. Henderson elected to receive an unscheduled distribution of cash assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms. Mr. Henderson's remaining DCP balance includes 101,238 shares of MLC at a December 31, 2009 share price of $0.471. We estimate that the actual realizable value of these shares is $0.

(5) On April 21, 2009 Mr. Wagoner elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms. 125,000 RSUs were granted to Mr. Wagoner on January 21, 2003, in lieu of cash bonus, deliverable upon retirement or mutual separation. We did not assume these RSUs and the amount shown in Column (f) is their value based on the closing price of MLC common stock on December 31, 2009 of $0.471. Even though Mr. Wagoner retired effective August 1, 2009, pursuant to the UST Credit Agreement his awards cannot be paid out and are not expected to be paid out at any time in the future.

(6) All amounts reported in column (f), except earnings at prevailing market rates, have been reported in the Summary Compensation Table in previous years when earned if that officer's compensation was required to be disclosed in the applicable year. Amounts previously reported in such years include previously earned, but deferred salary and incentives and Company matching contributions.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The total reflects the cumulative value of these deferrals, contributions, and investment choices.

Pursuant to our UST Credit Agreement, we cannot pay or accrue any incentive compensation to Named Executive Officers. No awards granted prior to 2009 were vested or paid out in 2009 when vesting or payment dates occurred and none are expected to vest or pay out at any time in the future.

Our Plans

We maintain certain deferred compensation programs and arrangements for executives, including the Named Executive Officers.

BEP — The BEP is a non-qualified plan that allows for the equalization of benefits for certain highly compensated salaried employees under the SRP and the S-SPP when such employees' contribution and benefit levels exceed the maximum limitations on contributions and benefits imposed by Section 2004 of the Employee Retirement Income Security Act of 1974, as amended, and Section 401(a)(17) and 415 of the IRC, as amended. The plan is maintained as an unfunded plan and we bear all expenses for administration of the plan and payment of amounts to participants. Our contributions to employee accounts are currently invested in one or more of six investment options. Company contributions to the BEP were suspended on October 22, 2009 for Messrs. Young, Cole, and Henderson and on December 11, 2009 for Messrs. Stephens and Lutz.

Salary Stock Plan — Pursuant to plan terms and upon approval of the Special Master, Named Executive Officers receive a portion of their total annual compensation in the form of SSUs. SSUs are granted on each salary payment date to Named Executive Officers based on the most current valuation of the Company as determined by an independent third party. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to be granted, and may become payable one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

The table below reflects year-end balances and all contributions, earnings and withdrawals during the year for the BEP, as well as vested but unpaid SSUs for the Named Executive Officers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Contributions include amounts credited to employee BEP accounts for both pre- and post- bankruptcy periods. We have included them below in column (c) for greater continuity and because we assumed all obligations in respect of the BEP from Old GM in the 363 Sale.

2009 GM Nonqualified Deferred Compensation Plans

Name (a)	Plan	Executive Contributions in the Last Fiscal Year (b)	Registrant Contributions in the Last Fiscal Year (7) (c)	Aggregate Earnings in the Last Fiscal Year (8) (d)	Aggregate Withdrawals and Distributions (e)	Aggregate Balance at 2009 Fiscal Year End (9) (f)
T. G. Stephens (1)	SSU	$ 0	$ 945,833			$ 945,833
	BEP	$ 0	$ 9,334	$ 5,362		$ 59,563
						$1,005,396
R. A. Lutz (2)	SSU	$ 0	$1,070,833			$1,070,833
	BEP	$ 0	$ 23,799	$23,244		$ 152,543
						$1,223,376
R. G. Young (3)	SSU	$ 0	$ 576,668			$ 576,668
	BEP	$ 0	$ 1,650	$ 3,863		$ 39,731
						$ 616,399
K. W. Cole (4)	SSU	$ 0	$ 935,543			$ 935,543
	BEP	$ 0	$ 8,628	$ 7,802		$ 63,860
						$ 999,403
F. A. Henderson (5)	SSU	$ 0	$2,421,668			$2,421,668
	BEP	$ 0	$ 2,888	$ 9,012	$ 6,987	$ 0
						$2,421,668
G. R. Wagoner, Jr. (6)	SSU	$ 0	$ 0			$ 0
	BEP	$ 0	$ 0	$ (7,693)	$(128,379)	$ 0
						$ 0

As described in the "2009 Grants of Plan Based Awards" table and narrative, each of the grants described below will be treated as having been granted, *nunc pro tunc*, throughout 2009 beginning January 1 and will be paid on the anniversary of the quarter in which it was deemed to have been granted.

(1) The amount shown for Mr. Stephens consists of a grant of 17,522 SSUs on December 31, 2009.

(2) The amount shown for Mr. Lutz consists of a grant of 19,838 SSUs on December 31, 2009.

(3) The amount shown for Mr. Young consists of SSUs grants on each of the following dates: 3,709 on November 13, 2009; 3,709 on November 30, 2009; 3,709 on December 15, 2009; and 2,671 on December 31, 2009.

(4) The amount shown for Mr. Cole consists of SSU grants on each of the following dates: 2,632 on November 13, 2009; 2,632 on November 30, 2009; 2,632 on December 15, 2009; and 11,646 on December 31, 2009.

(5) The amount shown for Mr. Henderson consists of SSU grants on each of the following dates: 15,576 on November 13, 2009; 15,576 on November 30, 2009; 15,576 on December 15, 2009; and 11,216 on December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At the time of his termination on December 31, 2009, Mr. Henderson had both vested and unvested BEP benefits. Unvested benefits in the amount of $78,249 were forfeited and his vested benefits in the amount of $6,987 will be paid as a lump sum pursuant to plan provisions that provide for this form of payment when the present value of the benefit is less than the dollar limit under IRC 402(g). Because Mr. Henderson was a specified employee as defined by IRC 409A, he is subject to a six month waiting period before payment of his BEP benefits can commence.

(6) Effective August 1, 2009 Mr. Wagoner retired. Pursuant to Plan provisions, his vested benefits under the BEP were withdrawn and converted to a 5-year monthly annuity form of payment. Because Mr. Wagoner was a specified employee as defined by IRC 409A, he was subject to a six month waiting period before payment of his BEP benefits commenced in February 2010.

(7) For each of the Named Executive Officers, the BEP amount reported here in column (c) is included within the amount reported in column (i) and footnote (9) of the 2009 Summary Compensation Table. The amounts reported in the Summary Compensation Table are larger because they also include our contributions to the S-SPP (tax-qualified plan). The SSU amount reported here in column (c) is included within the amount reported in column (e) and footnote (6) of the Summary Compensation Table.

(8) None of the amounts reported above in column (d) are reported in column (h) of the 2009 Summary Compensation Table because we do not pay guaranteed, above-market earnings on deferred compensation.

(9) All amounts reported in column (f), except earnings at prevailing market rates, have been reported in the Summary Compensation Table in previous years when earned if that officer's compensation was required to be disclosed in the applicable year. Amounts previously reported in such years include previously earned Company matching contributions. The total reflects the cumulative value of these contributions, and investment choices.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Potential Termination Payments — GM

We maintain compensation and benefit plans that will provide payment of compensation in the event of termination of employment due to retirement, death, and mutually-agreed-upon separation. These provisions are generally applicable to all plan participants and are not reserved only for Named Executive Officers. The amount of compensation payable to each Named Executive Officer in these situations is described in the tables that follow. We do not provide a change in control severance plan for executives, and, pursuant to TARP regulations, no severance payments may be made to Named Executive Officers.

Retirement and Pension Benefits. Plan provisions are described in the "2009 Pension Benefits" discussion, along with pension benefits for Named Executive Officers. No other individualized arrangements exist with Named Executive Officers except those disclosed in the "Employment Agreements" section below.

As of December 31, 2009, Mr. Stephens was eligible to retire pursuant to the provisions of both the qualified SRP and the non-qualified ERP.

As of December 31, 2009, Messrs. Cole and Lutz were eligible to retire pursuant to the provisions of the qualified SRP. Both were also eligible to receive non-qualified ERP benefits pursuant to the Compensation Committee's action in 2001 and 2004, respectively, to grant full vesting rights with five years of service.

As of December 31, 2009, Mr. Young was not eligible to retire under any qualified or non-qualified retirement plan. Upon termination of employment, he could receive a deferred vested benefit from the qualified SRP, reduced for age if received prior to age 65. This benefit is available to any participant in the plan. His non-qualified ERP benefits would have been forfeited.

Mr. Wagoner retired August 1, 2009 and was eligible for benefits under the qualified SRP and the non-qualified ERP.

Mr. Henderson terminated employment on December 31, 2009. At that time, he was not eligible to retire under any qualified or non-qualified retirement plan. He will receive a deferred vested benefit from the qualified SRP, reduced for age if received prior to age 65.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Benefits Payable at Death. Upon death of an active employee, we provide one month salary to certain dependents including surviving spouses, members of employee's family, or other individuals who are to be responsible for payment of funeral expenses. This benefit is provided generally for all salaried employees. In addition, pursuant to SRP plan terms we provide eligible survivors a monthly pension benefit based on a percentage of the monthly retirement benefit payable to the employee where the survivor option has been elected. Under the terms of the ERP, survivor benefits, if applicable, are payable as a lump sum. Supplemental Life Benefits are provided for all executives.

Incentive Plans. Under the provisions of the Salary Stock Plan, awards are vested when earned, and will continue to be paid in accordance with their terms as described in the "Options Exercised and Stock Vested" table upon separation, other than "For Cause."

Vacation Pay. Salaried employees may receive pay in lieu of unused vacation in the calendar year of termination of employment. Totals assume all vacation entitlement has been used as of December 31, 2009.

Health Care Coverage Continuation. Under provisions of the General Motors Salaried Health Care Program covering all U.S. salaried employees, Messrs. Cole, Lutz, and Young could continue health care coverage as provided under applicable federal laws (i.e., COBRA). Based on his eligibility to retire, Mr. Stephens would be eligible to receive financial contributions toward health care coverage in retirement until age 65. Mr. Wagoner retired and is receiving financial contributions toward health care coverage in retirement until age 65. Mr. Henderson terminated employment and is receiving health care coverage under COBRA.

Employment Agreements

Although we have described the material elements of certain employment arrangements with Named Executive Officers below, we are currently prohibited by the UST Credit Agreement from paying any severance or bonus and incentive compensation amounts to Named Executive Officers. The Named Executive Officers have waived their contractual entitlement to any payment that would violate the terms of the UST Loan Agreement.

Edward E. Whitacre, Jr. As disclosed in Form 8-K filed February 19, 2009, the following terms describe our employment arrangement with Mr. Whitacre. Mr. Whitacre's annual cash base salary is $1,700,000, and he participates in the benefit plans currently available to executive officers as described on Form 8-K, filed August 7, 2009, and as set forth as exhibits to various periodic filings by the Company. He also receives a portion of his total annual compensation in the form of salary stock, awarded pursuant to the provisions of the Salary Stock Plan, in the amount of $5,300,000, which will be delivered ratably over three years beginning in 2012, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced, and will be granted TARP compliant restricted stock units valued at $2,000,000. This arrangement does not provide for any special post-employment compensation or benefits.

Robert A. Lutz In June 2004, Old GM's Compensation Committee agreed to permit Mr. Lutz to become eligible for an ERP benefit after a minimum of five years of eligible service. On December 4, 2006, Old GM's Compensation Committee also approved the recognition of nine additional years of service credits for purposes of calculating benefits under the ERP for Mr. Lutz. This action, taken in recognition of Mr. Lutz's ongoing contribution to the Company, permits the accumulation of all service rendered to the Company by Mr. Lutz, including a prior period of Old GM employment from 1963 to 1972, for the purpose of determining his frozen ERP benefit, included in the ERP and disclosed in column (c) of the "2009 Pension Benefits" table. We assumed these arrangements on July 10, 2009.

Kenneth W. Cole In October 2008, Old GM entered into an employment agreement with Kenneth W. Cole which provided him a base salary of $715,000 (reduced by 10% to $643,500 during 2009) and a guaranteed payment of $785,000 for 2009. This agreement pre-dated the UST Credit Agreement and was reviewed with the UST as part of our 2009 compensation planning. The employment agreement was subsequently terminated on September 4, 2009.

In addition, Old GM's Compensation Committee agreed in February 2001 to permit Mr. Cole to become eligible for an ERP benefit after a minimum of five years of eligible service. On February 5, 2001, Old GM's Compensation Committee approved the recognition of 8 years and 4 months of additional years of service credits for purposes of calculating frozen benefits under the ERP for Mr. Cole,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

and on February 6, 2006 also approved an additional 4 years of service credits. The combined total award of 12 years and 4 months of additional service for purposes of calculating frozen benefits under the ERP recognizes service from a previous employer and Mr. Cole's ongoing contribution to the Company. We assumed all obligations for these arrangements on July 10, 2009.

Frederick A. Henderson On February 18, 2010, Mr. Henderson and General Motors Holdings LLC, a subsidiary of the Company, entered into an agreement to engage his services as a consultant on a month-to-month basis pursuant to the following material terms: The agreement will expire on December 31, 2010 unless terminated earlier by either party; Mr. Henderson will provide an estimated 20 hours of consulting services per month, consisting of advice on international operations, and participation in one meeting per month with the President, International Operations or his designated representative; Mr. Henderson will receive a fee of $59,090 payable monthly and reimbursement of reasonable expenses. During the period of the consulting agreement Mr. Henderson is free to provide consulting services to other clients, except that he may not engage in or perform any services for any business which designs, manufactures, develops, promotes, or sells any automobiles or trucks, in competition with or for competitors of the Company or any of its affiliates.

Non-Employee Director Compensation

Compensation for our non-employee directors is set by our Board at the recommendation of the Governance Committee. Pursuant to the Board's Corporate Governance Guidelines, the Governance Committee is responsible for conducting an annual assessment of non-employee director compensation. The Governance Committee compares our Board's compensation to compensation paid to directors at peer companies having similar size, scope and complexity.

Only non-employee directors receive specific payment for serving on the Board. Because Mr. Henderson was employed by us, he received no additional compensation during the period he served as a director. Non-employee directors are not eligible to participate in the S-SPP, or any of the retirement programs for our employees. Other than as described in this section, there are no separate benefit plans for directors.

Non-employee directors are reimbursed for reasonable travel expenses incurred in connection with their duties as directors. Under our Expense Policy, members of the Board may use charter aircraft for travel only in North America and only when a clear business rationale is stated. The Governance Committee periodically monitors the use of charter aircraft.

To familiarize directors with our product line, we provide the use of a company vehicle on a six-month rotational basis and directors are expected to submit product evaluations to us. In addition, we pay for the cost of personal accident insurance coverage and until January 1, 2010, we paid the cost of personal liability insurance coverage.

Old GM Board of Directors

Members of the Old GM Board of Directors served until July 10, 2009, when the 363 Sale closed and our Board was constituted. The Old GM Board voluntarily agreed to reduce its total compensation for 2009, including annual Board retainer, retainers for Committee Chairs and Audit Committee membership, and fees for excess meetings and special services, to one dollar effective January 1, 2009. Prior to 2009, each non-employee director of Old GM received an annual Board retainer of $200,000 on a pro rata basis effective March 1, 2008, which was voluntarily reduced from time to time. Under the General Motors Corporation Compensation Plan for Non-Employee Directors (Old GM Director Compensation Plan), Old GM non-employee directors were required to defer at least 70% of their annual Board retainer (i.e., $140,000) into share units of its common stock and could elect to receive the remaining compensation in cash or to defer in cash-based alternatives or share units.

The Old GM Director Compensation Plan remains in place with respect to past deferrals of compensation to former directors of Old GM, including those who are now members of our Board. Old GM directors who deferred compensation into share units of common stock are not expected to receive any value for this deferred compensation under Old GM's bankruptcy proceedings. In addition, deferred cash-based account balances were reduced by ten percent for Old GM non-employee directors effective September 8, 2009, in line with the penalty incurred by Old GM executives on early withdrawal of their deferred cash account balances. Interest on fees

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

deferred in cash-based alternatives was credited monthly to the directors' accounts. Old GM did not credit interest at above-market rates. In general, Old GM did not pay deferred amounts until January following the director's retirement or separation from the Old GM Board. Old GM then paid those amounts, either in lump sum or in annual installments for up to ten years based on the director's deferral election. (Members of the Old GM Board who are now serving on our Board will not receive their deferred amounts until after they leave our Board.)

2009 Old GM Non-Employee Director Compensation

Director (a)	Fees Earned or Paid in Cash $	All Other Compensation (b) $	Total $
Percy N. Barnevik	0	2,882	2,882
Erskine B. Bowles	1	10,250	10,251
John H. Bryan	1	32,586	32,587
Armando M. Codina	1	8,004	8,005
Erroll B. Davis, Jr.	1	7,880	7,881
George M.C. Fisher	1	25,616	25,617
E. Neville Isdell	1	4,316	4,317
Karen Katen	1	4,724	4,725
Kent Kresa	1	8,021	8,022
Philip A. Laskawy	1	7,727	7,728
Kathryn V. Marinello	1	7,650	7,651
Eckhard Pfeiffer	1	19,585	19,586

(a) Mr. Barnevik resigned from the Old GM Board effective February 3, 2009. The other directors resigned from the Old GM Board in early July 2009, either before or immediately after the closing of the 363 Sale.

(b) "All Other Compensation" is comprised of interest paid on deferred cash-based accounts; incremental costs for the use of company vehicles and reimbursement of associated taxes until August 1, 2009; and the costs associated with personal accident and liability insurances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

All Other Compensation

Totals for amounts reported as "All Other Compensation" in the preceding "2009 Old GM Non-Employee Director Compensation" table are described below:

Director	Aggregate Earnings on Deferred Compensation ($)	Company Vehicle (a) ($)	Tax Reimbursement (b) ($)	Other (c) ($)	Total ($)
Percy N. Barnevik	0	1,905	532	445	2,882
Erskine B. Bowles (e)	0	6,984	2,771	495	10,250
John H. Bryan (d)(e)	23,112	5,714	3,690	70	32,586
Armando M. Codina (e)	0	4,444	3,065	495	8,004
Erroll B. Davis, Jr.	744	3,810	3,035	291	7,880
George M.C. Fisher (d)(e)	19,574	3,175	2,372	495	25,616
E. Neville Isdell	0	3,810	436	70	4,316
Karen Katen (e)	0	2,540	1,689	495	4,724
Kent Kresa	604	3,810	3,316	291	8,021
Philip A. Laskawy	0	3,810	3,626	291	7,727
Kathryn V. Marinello	0	3,810	3,549	291	7,650
Eckhard Pfeiffer (d)(e)	7,056	6,984	5,050	495	19,585

(a) Includes incremental costs for company vehicles which are calculated based on the average monthly cost of providing vehicles to all directors, including lost sales opportunity and incentive costs, if any; insurance claims, if any; licensing and registration fees; and use taxes.

(b) Directors were charged with imputed income based on the lease value of the vehicle driven and reimbursed for associated taxes until August 1, 2009.

(c) Reflects cost of premiums for providing personal accident and personal umbrella liability insurance. If a director elected to receive coverage, the taxes related to the imputed income are the responsibility of the director.

(d) We administered the Old GM Director Compensation Plan after July 9, 2009. Amounts shown under "Aggregate Earnings on Deferred Compensation" for Mr. Bryan, Mr. Fisher and Mr. Pfeiffer include interest credited to their deferred cash-based accounts in 2009 including the period subsequent to July 9, 2009.

(e) Following their resignation from the Old GM Board, Mr. Bowles, Mr. Bryan, Mr. Codina, Mr. Fisher, Ms. Katen and Mr. Pfeiffer were requested to turn in their company vehicles as soon as practicable since they did not join our Board. We paid for the costs related to providing company vehicles during the transition period which followed the closing of the 363 Sale in addition to costs related to selling company vehicles to certain former directors. Directors were charged imputed income for use of these vehicles and were responsible for associated taxes beginning August 1, 2009

General Motors Board of Directors

Following the recommendation of the Governance Committee, our Board determined that effective July 10, 2009, each member of the Board who is not an employee would be paid, in cash, an annual retainer of $200,000 for service on the Board and, if applicable, one or more of the following annual retainers: (i) $10,000 for service as Chair of any Board committee; (ii) $20,000 for service on the Audit Committee; and (iii) $150,000 for service as the Chairman of the Board. In addition, until August 1, 2009, the members of the Board could be reimbursed for taxes related to income imputed to them for the use of company cars provided to non-employee directors.

At Mr. Bonderman's request, his annual retainer of $200,000 for service on the Board was reduced to one dollar.

On March 2, 2010, the Governance Committee approved an additional annual retainer of $10,000 for service as Lead Director, consistent with the annual retainer paid to the Chair of any Board committee.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The fees for a director who joins or leaves our Board or assumes additional responsibilities during the fiscal year are pro rated for his or her period of service. The fees listed in the table below reflect any pro-rata adjustments that occurred in 2009.

2009 General Motors Non-Employee Director Compensation

Director	Fees Earned or Paid in Cash (a)	All Other Compensation (b)	Total
	$	$	$
Daniel F. Akerson (d)	91,667	1,444	93,111
David Bonderman (d)	1	1,095	1,096
Erroll B. Davis, Jr. (c)	108,333	3,337	111,670
Stephen J. Girsky (c)	100,000	76,792	176,792
E. Neville Isdell (c)	104,167	2,286	106,453
Robert D. Krebs (d)	83,333	1,095	84,428
Kent Kresa (c)	112,500	3,242	115,742
Philip A. Laskawy (c)	112,500	2,815	115,315
Kathryn V. Marinello (c)	100,000	2,958	102,958
Patricia A. Russo (d)	87,500	1,095	88,595
Carol M. Stephenson (d)	83,333	1,820	85,153

(a) Includes annual retainer fees, Chair and Audit Committee fees. Fees for excess meetings and special services were eliminated effective July 10, 2009.

(b) "All Other Compensation" includes among other items incremental costs for the use of company vehicles and reimbursement of associated taxes until August 1, 2009; and the costs associated with personal accident and liability insurances.

(c) Following their resignations from the Old GM Board, Mr. Davis, Mr. Isdell, Mr. Kresa, Mr. Laskawy, and Ms. Marinello joined our Board on July 10, 2009. Mr. Girsky and Mr. Whitacre also joined our Board on the same day. (Mr. Whitacre's compensation as a director is reflected in the Summary Compensation Table.)

(d) Mr. Akerson, Mr. Bonderman, Mr. Krebs, Ms. Russo and Ms. Stephenson joined the Board on July 24, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

All Other Compensation

Totals for amounts reported as "All Other Compensation" in the preceding "2009 General Motors Non-Employee Director Compensation" table are described below:

Director	Aggregate Earnings on Deferred Compensation ($)	Company Vehicle (a) ($)	Tax Reimbursement (b) ($)	Other (c) ($)	Total ($)
Daniel F. Akerson	0	1,394	0	50	1,444
David Bonderman	0	1,045	0	50	1,095
Erroll B. Davis, Jr.(e)	650	2,091	342	254	3,337
Stephen J. Girsky (d)	0	1,742	0	75,050	76,792
E. Neville Isdell	0	2,091	145	50	2,286
Robert D. Krebs.	0	1,045	0	50	1,095
Kent Kresa (e)	523	2,091	374	254	3,242
Philip A. Laskawy	0	2,091	470	254	2,815
Kathryn V. Marinello	0	2,091	613	254	2,958
Patricia A. Russo	0	1,045	0	50	1,095
Carol M. Stephenson	0	1,742	28	50	1,820

(a) Includes incremental costs for company vehicles which are calculated based on the average monthly cost of providing vehicles to all directors, including lost sales opportunity and incentive costs, if any; insurance claims, if any; licensing and registration fees; and use taxes.

(b) Directors are charged with imputed income based on the lease value of the vehicle driven and were reimbursed for associated taxes until August 1, 2009.

(c) Reflects cost of premiums for providing personal accident and personal umbrella liability insurance. If a director elects to receive coverage, the taxes related to the imputed income are the responsibility of the director. Effective January 1, 2010, we no longer pay for the cost of providing personal umbrella liability insurance.

(d) "Other" amount for Mr. Girsky reflects additional compensation received in the form of salary stock for his services as Senior Advisor to the Office of the Chairman in December 2009. See "Item 13. Certain Relationships and Related Transactions, and Director Independence" under "Certain Relationships."

(e) We assumed the Old GM Director Compensation Plan and it remains in place with respect to past deferrals of compensation to Old GM directors who are members of our Board.

Compensation Committee Interlocks and Insider Participation

No executive officer of GM served on any board of directors or compensation committee of any other company for which any of our directors served as an executive officer at any time during fiscal year 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The following table gives information about each entity known to us to be the beneficial owner of more than 5% of our common stock as of March 15, 2010.

Name and Address of Beneficial Owner	Number of Shares	Percent of Common Stock (3)
The United States Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220	304,131,356	60.83%
Canada GEN Investment Corporation (Formerly 7176384 Canada Inc.) 1235 Bay Street, Suite 400 Toronto, Ontario, Canada M5R 3K4	58,368,644	11.67%
UAW Retiree Medical Benefits Trust P.O. Box 14309 Detroit, Michigan 48214	102,651,515(1)	19.93%
Motors Liquidation Company 300 Renaissance Center Detroit, Michigan 48265-3000	140,909,090(2)	23.85%
All Directors and Executive Officers of General Motors Company 300 Renaissance Center Detroit, Michigan 48265-3000	0	0%

(1) Includes 15,151,515 shares of our common stock issuable upon the exercise of a warrant we issued to the New VEBA. In connection with the closing of the 363 Sale, we issued a warrant to the New VEBA to acquire 15,151,515 newly issued shares of our common stock, exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying the warrant and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

(2) Includes 90,909,090 shares of our common stock issuable upon the exercise of warrants we issued to MLC. On July 10, 2009, in connection with the closing of the 363 Sale, we issued two warrants to MLC, one to acquire 45,454,545 newly issued shares of our common stock, exercisable at any time prior to the seventh anniversary of issuance, with an exercise price of $30.00 per share and the other to acquire 45,454,545 newly issued shares of our common stock, exercisable at any time prior to the tenth anniversary of issuance, with an exercise price of $55.00 per share. The number of shares of our common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

(3) These percentages reflect the maximum potential percentage ownership of our common stock for each beneficial owner. As such, the percentage ownership of the UST and Canada GEN Investment Corporation are calculated based on a total of 500,000,000 shares outstanding. The percentage ownership of the New VEBA is calculated based on a potential total of 515,151,515 shares outstanding (which, in addition to the 500,000,000 shares currently outstanding, includes the 15,151,515 shares of common stock that would be issued to the New VEBA if it exercised its warrant, as described in footnote (1) above). The percentage ownership of MLC is calculated based on a potential total of 590,909,090 shares outstanding (which, in addition to the 500,000,000 shares currently outstanding, includes the 90,909,090 shares of common stock that would be issued to MLC if it exercised its warrants, as described in footnote (2) above).

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Certain Relationships

We have adopted written policies and procedures for reviewing and approving transactions we enter into with our related persons, including directors, executive officers, and holders of at least 5% of our outstanding common stock, and their immediate family members or affiliates. Our Legal Staff is primarily responsible for developing and implementing a process to obtain information from our directors and executive officers to identify possible related person transactions and to determine based on the facts and circumstances whether such a transaction involves a direct or indirect material interest of us or our related persons. We disclose transactions that are determined to be directly or indirectly material to us or a related person as required by SEC rules. In addition, the Governance Committee is responsible for annually reviewing the independence of each director and the appropriateness of any potential related person transactions and related issues.

Douglas L. Henderson, brother of former President and Chief Executive Officer Frederick A. Henderson, is employed by General Motors LLC. In addition, Juli A. Stephens, sister-in-law of Vice Chairman Thomas G. Stephens, and George T. Stephens, Mr. Stephens' brother, are employed by General Motors LLC. Mr. Douglas Henderson, Ms. Juli Stephens, and Mr. George Stephens each make less than $155,000 per year, and receive salary and benefits comparable to those provided to other GM employees in similar positions.

David Bonderman is a founding partner of TPG, a private investment firm, whose affiliate invests in auto dealerships in Asia representing various vehicle manufacturers. These investments include dealerships in China that sell Chevrolet and Buick brand vehicles under a distribution agreement with Shanghai GM. Under the terms of Shanghai GM's joint venture agreement, we do not control Shanghai GM's distribution activities.

In 2009, while serving as President of S.J. Girsky & Co. (SJG), Stephen J. Girsky received advisory fees of $400,000 and expense reimbursement of about $50,000 from MLC for consulting services related to strategic alternatives for Saturn. The Saturn engagement began in early 2009 and was completed before Mr. Girsky was named to our Board. Under the agreement assumed as part of the 363 Sale, we were required to pay SJG a fee of $1 million. From December 2009 to February 2010, Mr. Girsky served as Senior Advisor to the Office of the Chairman, for which he received salary stock grants valued at $225,000 pursuant to our Salary Stock Plan and reimbursement of his living expenses in Detroit and travel expenses to and from Detroit.

Our Related Party Transactions Policy is available on our Web site at http://investor.gm.com, under "Corporate Governance."

Director Independence

Pursuant to our Bylaws and the Stockholders Agreement, at least two-thirds of our directors must be independent within the meaning of Rule 303A.02 of the NYSE Listed Company Manual, as determined by our Board of Directors.

The Governance Committee assesses the independence of each director and makes recommendations to the Board as to his or her independence both by using the quantitative criteria in the Board's Corporate Governance Guidelines and by determining whether he or she is free from any qualitative relationship that would interfere with the exercise of independent judgment.

Section 2.10 of our Bylaws incorporates, by reference, the independence criteria of the SEC and NYSE; and the Board's Corporate Governance Guidelines set forth our standards for director independence, which are based on all the SEC and NYSE requirements. The Board's Corporate Governance Guidelines provide that an independent director must satisfy all of the following criteria:

- During the past three years, we have not employed the director, and have not employed (except in a non-executive capacity) any of his or her immediate family members.
- During any twelve-month period within the last three years, the director has not received more than $120,000 in direct compensation from us other than director fees or other forms of deferred compensation. No immediate family members of the director have received any compensation other than for employment in a non-executive capacity.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The director or an immediate family member is not a current partner of a firm that is our internal or external auditor; the director is not an employee of such a firm; the director does not have an immediate family member who is a current employee of such a firm and personally works on our audit; or the director or an immediate family member was not within the last three years a partner or employee of such a firm and personally worked on our audit within that time.

- During the past three years, neither the director nor any of his or her immediate family members has been part of an "interlocking directorate" in which one of our executive officers serves on the compensation committee (or its equivalent) of another company that employs the director.

- During the past three years, neither the director nor any of his or her immediate family members has been employed (except in a non-executive capacity) by one of our significant suppliers or customers or any affiliate of such supplier or customer. For the purposes of this standard, a supplier or customer is considered significant if its sales to, or purchases from, us represent the greater of $1 million or 2% of our or the supplier's or customer's consolidated gross revenues.

In addition to satisfying all of the foregoing requirements, a director is not considered independent if he or she has, in the judgment of the Board, any other "material" relationship with the Company, other than serving as a director that would interfere with the exercise of his or her independent judgment.

Consistent with the standards described above, the Board has reviewed all relationships between the Company and the members of the Board, considering quantitative and qualitative criteria, and affirmatively has determined that, other than Mr. Whitacre and Mr. Girsky, all of the directors are independent according to the definition in the Board's Corporate Governance Guidelines, which is based on the standards of the SEC and NYSE.

Our Bylaws and Corporate Governance Guidelines are available on our Web site at http://investor.gm.com, under "Corporate Governance."

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Item 14. ***Principal Accounting Fees and Services***

Our and Old GM's Audit Committees retained Deloitte & Touche LLP to audit the consolidated financial statements and the effectiveness of internal controls, as of December 31, 2009 and for the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009. We and Old GM also retained Deloitte & Touche LLP and certain of its affiliates (collectively, "Deloitte"), as well as other accounting and consulting firms, to provide various other services in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009.

The services performed by Deloitte in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 were pre-approved in accordance with the pre-approval policy and procedures adopted by Old GM's Audit Committee at its October 7, 2003 meeting and adopted by our Audit Committee at its September 8, 2009 meeting. This policy requires that during its first meeting of the calendar year, the Audit Committee will be presented, for consideration, a description of the audit-related, tax, and other services expected to be performed by Deloitte. Any requests for such services in excess of $1 million not contemplated and approved during the first meeting must thereafter be submitted to the Audit Committee (or the Chair of the Audit Committee in an urgent case) for specific pre-approval. Requests for services less than $1 million individually must be pre-approved by the Audit Committee Chair and reported to the full Audit Committee at its next regularly scheduled meeting. The independent auditors selected for the following year present the proposed annual audit services and their related fees to the Audit Committee, generally in May, for approval on an audit-year basis.

Our and Old GM's Audit Committees determined that all services provided by Deloitte in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 were compatible with maintaining the independence of the principal accountants.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes Deloitte fees billed or expected to be billed in connection with our and Old GM's 2009 combined audit and other services. For comparison purposes, actual billings for Old GM's 2008 audit and other services are also displayed (dollars in millions):

	Services Billed	
	2009	2008
Annual audit services	$ 52	$ 38
Audit-related services	10	11
Tax services	8	4
Subtotal	70	53
All other services	1	1
Total	$ 71	$ 54

Audit Fees: $52 million for the audit of our and Old GM's annual consolidated financial statements, including reviews of the interim financial statements contained in our and Old GM's Quarterly Reports on Form 10-Q and preparation of statutory reports. In addition, included in this category are fees for services that generally only Deloitte reasonably can provide, for example, statutory audits, attestation services, consents, and assistance with and review of documents filed with the SEC.

Audit-Related Fees: $10 million for assurance and related services that are traditionally performed by the independent auditor. More specifically, these services include employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with proposed acquisitions, internal control consultations, attestation services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

Tax Fees: $8 million includes fees for tax compliance, tax planning, and tax advice. Tax compliance involves preparation of original and amended tax returns and claims for refund, and tax payment-planning services. Tax planning and tax advice encompass a diverse range of services, including assistance with tax audits and appeals, tax advice related to mergers and acquisitions and employee benefit plans, and requests for rulings or technical advice from taxing authorities.

All Other Fees: $1 million for services related to project management, process improvements, and assistance with information technology system projects for systems not associated with the financial statements.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedule***

(a) 1. All Financial Statements and Supplemental Information
2. Financial Statement Schedule II — Valuation and Qualifying Accounts
3. Exhibits

(b) Exhibits

Exhibit Number	Exhibit Name	
3.1	Amended and Restated Certificate of Incorporation of General Motors Company, as amended, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
3.2	General Motors Company Amended and Restated Bylaws dated March 2, 2010	Filed Herewith
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.3†	Amended and Restated Secured Note Agreement among General Motors Company, as Issuer, the Guarantors and UAW Retiree Medical Benefits Trust, as Noteholder, dated August 14, 2009 (refer also to Exhibit 10.1 which includes Schedule 3.25 referenced herein), incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.4†	Assignment and Assumption Agreement and Third Amendment to Amended and Restated Secured Note Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and UAW Retiree Medical Benefits Trust, as Noteholder, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (formerly known as General Motors Holding Company), General Motors LLC (formerly known as General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (formerly known as 7176384 Canada Inc.) and the UAW Retiree Medical Benefits Trust, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.11	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.12	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW	Filed Herewith
10.13	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.14	Form of Compensation Statement	Filed Herewith
10.15	Employment Agreement for Kenneth W. Cole	Filed Herewith
10.16	Consulting Agreement for Frederick A. Henderson	Filed Herewith
10.17	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010.	Incorporated by Reference
10.18	General Motors Company 2009 Long-Term Incentive Plan	Filed Herewith
10.19	General Motors Company Salary Stock Plan	Filed Herewith
10.20	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.21	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.22	Form of Restricted Stock Unit Grant made to certain executive officers incorporated by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.23	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.24†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.25†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.26	General Motors Executive Retirement Plan, as amended August 4, 2008, incorporated herein by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.27	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.28	Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2008	Incorporated by Reference
10.29	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original exercise price and a July 10, 2016 expiration date	Filed Herewith
10.30	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original exercise price and a July 10, 2019 expiration date	Filed Herewith
10.31	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original exercise price and a December 31, 2015 expiration date	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007, 2006 and 2005	Filed Herewith

Table of Contents

Exhibit Number	Exhibit Name	
21	Subsidiaries of the Registrant as of December 31, 2009	Filed Herewith
24	Power of Attorney for Directors of General Motors Corporation	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
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	Filed Herewith
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	Filed Herewith
99	Consolidated Financial Statements of GMAC and subsidiaries at December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number	Exhibit Name	
3.1	Amended and Restated Certificate of Incorporation of General Motors Company, as amended, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
3.2	General Motors Company Amended and Restated Bylaws dated March 2, 2010	Filed Herewith
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.3†	Amended and Restated Secured Note Agreement among General Motors Company, as Issuer, the Guarantors and UAW Retiree Medical Benefits Trust, as Noteholder, dated August 14, 2009 (refer also to Exhibit 10.1 which includes Schedule 3.25 referenced herein), incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.4†	Assignment and Assumption Agreement and Third Amendment to Amended and Restated Secured Note Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and UAW Retiree Medical Benefits Trust, as Noteholder, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (formerly known as General Motors Holding Company), General Motors LLC (formerly known as General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (formerly known as 7176384 Canada Inc.) and the UAW Retiree Medical Benefits Trust, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.11	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.12	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW	Filed Herewith
10.13	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.14	Form of Compensation Statement	Filed Herewith
10.15	Employment Agreement for Kenneth W. Cole	Filed Herewith
10.16	Consulting Agreement for Frederick A. Henderson	Filed Herewith
10.17	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010.	Incorporated by Reference
10.18	General Motors Company 2009 Long-Term Incentive Plan	Filed Herewith
10.19	General Motors Company Salary Stock Plan	Filed Herewith
10.20	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.21	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.22	Form of Restricted Stock Unit Grant made to certain executive officers incorporated by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.23	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.24†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.25†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.26	General Motors Executive Retirement Plan, as amended August 4, 2008, incorporated herein by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.27	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.28	Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2008	Incorporated by Reference
10.29	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original exercise price and a July 10, 2016 expiration date	Filed Herewith
10.30	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original exercise price and a July 10, 2019 expiration date	Filed Herewith
10.31	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original exercise price and a December 31, 2015 expiration date	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007, 2006 and 2005	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2009	Filed Herewith
24	Power of Attorney for Directors of General Motors Corporation	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
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	Filed Herewith
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	Filed Herewith
99	Consolidated Financial Statements of GMAC and subsidiaries at December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

* * * * * * *

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

GENERAL MOTORS COMPANY
(Registrant)

Date: April 7, 2010

By: /s/ EDWARD E. WHITACRE, JR.
Edward E. Whitacre, Jr.
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 7th day of April 2010 by the following persons on behalf of the Registrant and in the capacities indicated, including a majority of the directors.

Signature	Title
/s/ EDWARD E. WHITACRE, Jr. (Edward E. Whitacre, Jr.)	Chairman and Chief Executive Officer
/s/ CHRISTOPHER P. LIDDELL (Christopher P. Liddell)	Vice Chairman and Chief Financial Officer
/s/ NICK S. CYPRUS (Nick S. Cyprus)	Vice President, Controller and Chief Accounting Officer
/s/ DANIEL F. AKERSON (Daniel F. Akerson)	Director
/s/ DAVID BONDERMAN (David Bonderman)	Director
/s/ ERROLL B. DAVIS, JR. (Erroll B. Davis, Jr.)	Director
/s/ STEPHEN J. GIRSKY (Stephen J. Girsky)	Director
/s/ E. NEVILLE ISDELL (E. Neville Isdell)	Director
/s/ ROBERT D. KREBS (Robert D. Krebs)	Director
/s/ KENT KRESA (Kent Kresa)	Director
/s/ PHILIP A. LASKAWY (Philip A. Laskawy)	Director

Table of Contents

Signature	Title
/s/ KATHRYN V. MARINELLO (Kathryn V. Marinello)	Director
/s/ PATRICIA F. RUSSO (Patricia F. Russo)	Director
/s/ CAROL M. STEPHENSON (Carol M. Stephenson)	Director

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$ 250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 338	157	—	73	—	$ 422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43
For the Year Ended December 31, 2007						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 397	—	11	70	—	$ 338
Other investments and miscellaneous assets (receivables and other)	$ 17	—	—	3	—	$ 14

Exhibit 12

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE *(State or other jurisdiction of Incorporation or Organization)*	**27-0756180** *(I.R.S. Employer Identification No.)*
300 Renaissance Center, Detroit, Michigan *(Address of Principal Executive Offices)*	**48265-3000** *(Zip Code)*

Registrant's telephone number, including area code
(313) 556-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock	New York Stock Exchange/Toronto Stock Exchange
4.75% Series B Mandatory Convertible Junior Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
Do not check if smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately $55.2 billion on December 31, 2010

As of February 15, 2011 the number of shares outstanding of common stock was 1,560,743,059 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement related to the Annual Stockholders Meeting to be filed subsequently are incorporated by reference into Part III of this Form 10-K.

[Table of Contents](#)

INDEX

		Page
	PART I	
Item 1.	Business	1
Item 1A.	Risk Factors	26
Item 1B.	Unresolved Staff Comments	39
Item 2.	Properties	39
Item 3.	Legal Proceedings	40
Item 4.	Removed and Reserved	43
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	44
Item 6.	Selected Financial Data	47
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	49
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	134
Item 8.	Financial Statements and Supplementary Data	142
	Consolidated Statements of Operations	142
	Consolidated Balance Sheets	143
	Consolidated Statements of Cash Flows	144
	Consolidated Statements of Equity (Deficit)	146
	Notes to Consolidated Financial Statements	148
	Note 1. Nature of Operations	148
	Note 2. Chapter 11 Proceedings and the 363 Sale	148
	Note 3. Basis of Presentation	167
	Note 4. Significant Accounting Policies	169
	Note 5. Acquisition and Disposal of Businesses	185
	Note 6. Finance Receivables, net	190
	Note 7. Securitizations	192
	Note 8. Marketable Securities	193
	Note 9. Inventories	194
	Note 10. Equipment on Operating Leases, net	194
	Note 11. Equity in Net Assets of Nonconsolidated Affiliates	195
	Note 12. Property, net	201
	Note 13. Goodwill	202
	Note 14. Intangible Assets, net	203
	Note 15. Restricted Cash and Marketable Securities	204
	Note 16. Other Assets	205
	Note 17. Variable Interest Entities	206
	Note 18. Accrued Liabilities, Other Liabilities and Deferred Income Taxes	211
	Note 19. Short-Term and Long-Term Debt	212
	Note 20. Pensions and Other Postretirement Benefits	220
	Note 21. Derivative Financial Instruments and Risk Management	246
	Note 22. Commitments and Contingencies	253
	Note 23. Income Taxes	263
	Note 24. Fair Value Measurements	269
	Note 25. Restructuring and Other Initiatives	275
	Note 26. Impairments	280
	Note 27. Other Automotive Expenses, net	283
	Note 28. Interest Income and Other Non-Operating Income, net	283
	Note 29. Stockholders' Equity (Deficit) and Noncontrolling Interests	283
	Note 30. Earnings (Loss) Per Share	288
	Note 31. Stock Incentive Plans	290
	Note 32. Transactions with Ally Financial	293
	Note 33. Transactions with MLC	297
	Note 34. Supplementary Quarterly Financial Information (Unaudited)	299
	Note 35. Segment Reporting	301

Table of Contents

		Page
	Note 36. Supplemental Information for Consolidated Statements of Cash Flows	308
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	309
Item 9A.	Controls and Procedures	309
Item 9B.	Other Information	310
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	311
Item 11.	Executive Compensation	311
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	311
Item 13.	Certain Relationships and Related Transactions and Director Independence	311
Item 14.	Principal Accountant Fees and Services	311
	PART IV	
Item 15.	Exhibits and Financial Statement Schedule	312
Signatures		323

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2010 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2010 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to an agreement with the Staff of the Securities and Exchange Commission (SEC) as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of MLC (as subsequently defined), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2010 10-K for the periods after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Item 1. Business

Launch of the New General Motors

General Motors Company was formed by the UST in 2009, and prior to July 10, 2009, our business was operated by Old GM. On June 1, 2009, Old GM and three of its domestic direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (the Chapter 11 Proceedings) of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). On July 10, 2009, we, through certain of our subsidiaries, acquired substantially all of the assets and assumed certain liabilities of Old GM in connection with the 363 Sale closing.

Through our purchase of substantially all of the assets and assumption of certain liabilities of Old GM in connection with the 363 Sale, we have launched a new company with a strong balance sheet, a competitive cost structure, and a strong cash position, which we believe will enable us to compete more effectively with our U.S. and foreign-based competitors in the U.S. and to continue our strong presence in growing global markets. In particular, we acquired assets that included Old GM's strongest operations, and we believe we have a competitive operating cost structure, partly as a result of recent agreements with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW).

We have a vision to design, build and sell the world's best vehicles. Our executive leadership and our employees are committed to:

- Building our market share, revenue, earnings and cash flow;
- Improving the quality of our cars and trucks, while increasing customer satisfaction and overall perception of our products; and
- Continuing to take a leadership role in the development of advanced energy saving technologies, including advanced combustion engines, biofuels, fuel cells, hybrid vehicles, extended-range-electric vehicles, and advanced battery development.

Public Offering

In November and December 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of our Series B Preferred Stock and listed our common stock on the New York Stock Exchange and the Toronto Stock Exchange and listed our Series B Preferred Stock on the New York Stock Exchange. We received net proceeds of $4.9 billion from the offering of the Series B Preferred Stock.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

General

We develop, produce and market cars, trucks and parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

Automotive

Our automotive operations meet the demands of our customers through our four automotive segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO) and GM South America (GMSA).

In the year ended December 31, 2009 we combined our vehicle sales data, market share data and production volume data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Our total worldwide vehicle sales were 8.4 million in the year ended December 31, 2010. Total combined GM and Old GM worldwide vehicle sales in the year ended December 31, 2009 were 7.5 million. Old GM's total worldwide vehicle sales were 8.4 million in the year ended December 31, 2008. Substantially all of the cars, trucks and parts are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In the year ended December 31, 2010 we completed the sale of Saab Automobile AB (Saab) in February 2010 and the sale of Saab Automobile GB (Saab GB) in May 2010 and have completed the wind down of our Pontiac, Saturn and HUMMER brands.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo Auto & Technology Co. (GM Daewoo), Shanghai General Motors Co., Ltd. (SGM), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW), FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM) and SAIC GM Investment Limited (HKJV). In 2011 SGMW plans to commence sales under the Baojun brand. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

In addition to the products we sell to our dealers for consumer retail sales, we also sell cars and trucks to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. We sell vehicles to fleet customers directly or through our network of dealers. Our retail and fleet customers can obtain a wide range of aftersale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. (AmeriCredit) for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial is a leading automotive finance company that has been operating since 1992. GM Financial purchases automobile finance contracts for new and used vehicles purchased by consumers primarily from franchised and select independent dealerships. GM Financial predominantly offers financing to consumers who are typically unable to obtain financing from more traditional sources. The typical borrower has experienced prior credit difficulties or has limited credit history and generally has a credit bureau score ranging from 500 through 700. GM Financial services its loan portfolio at regional centers using automated loan servicing and collection systems. Since GM Financial provides financing in a relatively high-risk market, it expects to sustain a higher level of credit losses than other more traditional sources of financing.

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts that are over collateralized, whereby more receivables are transferred to the securitization trusts than the amount of asset-backed securities issued by the securitization trusts, as well as the estimated future excess cash flows expected to be received by GM Financial over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities, net of credit losses and expenses.

Excess cash flows in the securitization trusts are initially utilized to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the securitization trusts. Once targeted credit enhancement requirements are reached and maintained, excess cash flows are distributed to GM Financial or, in a securitization utilizing a senior subordinated structure, may be used to accelerate the repayment of certain subordinated securities. In addition to excess cash flows, GM Financial receives monthly base servicing fees and collects other fees, such as late charges, as servicer for securitization trusts.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. GM Financial expects to begin offering a nationwide lease product targeting consumers with prime and sub-prime credit scores in 2011.

Competitive Position

Information in this 2010 10-K relating to our relative position in the global automotive industry is based upon the good faith estimates of management, and includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Market share information in this 2010 10-K is based on vehicle sales volume.

The global automotive industry is highly competitive. The principal factors that determine consumer vehicle preferences in the markets in which we operate include price, quality, available options, style, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

In the year ended December 31, 2010 our worldwide market share was 11.4%. Our vehicle sales volumes in the year ended December 31, 2010 are consistent with a gradual U.S. vehicle sales recovery from the negative economic effects of the U.S. recession first experienced by Old GM in the second half of 2008.

In the year ended December 31, 2009 combined GM and Old GM worldwide market share was 11.6%. In 2009 the U.S. continued to be negatively affected by the economic factors experienced in 2008 as U.S. automotive industry sales declined 21.4% when compared to the year ended December 31, 2008.

In the year ended December 31, 2008 Old GM's worldwide market share was 12.3%. In 2008 worldwide market share was severely affected by the recession in Old GM's largest market, the U.S., and the recession in Western Europe. Tightening of the credit markets, increases in the unemployment rate, declining consumer confidence as a result of declining household incomes and escalating public

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

speculation related to Old GM's potential bankruptcy contributed to significantly lower vehicle sales in the U.S. These economic factors had a negative effect on the U.S. automotive industry and the principal factors that determine consumers' vehicle buying decisions. As a result, consumers delayed purchasing or leasing new vehicles which caused a decline in U.S. vehicle sales.

The following table summarizes the respective U.S. market shares in passenger cars and trucks:

	Years Ended December 31,		
	2010	2009	2008
GM (a)	18.8%	19.7%	22.1%
Ford	16.7%	15.9%	14.7%
Toyota	15.0%	16.7%	16.5%
Honda	10.4%	10.8%	10.6%
Chrysler	9.2%	8.8%	10.8%
Nissan	7.7%	7.3%	7.0%
Hyundai/Kia	7.6%	6.9%	5.0%

(a) Market share data in the year ended December 31, 2009 combines our market share data in the period July 10, 2009 through December 31, 2009 with Old GM's market share data in the period January 1, 2009 through July 9, 2009 for comparative purposes. Market share data in the year ended December 31, 2008 relates to Old GM.

Vehicle Sales

The following tables summarize total industry sales of new motor vehicles of domestic and foreign makes and the related competitive position (vehicles in thousands):

	Vehicle Sales (a)(b)(c)(d)(e) Years Ended December 31,								
	2010			2009			2008		
	Industry	GM	GM as a % of Industry	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
United States									
Cars									
Midsize	2,493	472	18.9%	2,288	518	22.7%	2,920	760	26.0%
Small	2,047	171	8.4%	2,051	202	9.8%	2,547	328	12.9%
Luxury	845	69	8.2%	778	69	8.8%	1,017	122	12.0%
Sport	263	94	36.0%	253	85	33.7%	272	48	17.7%
Total cars	5,648	807	14.3%	5,370	874	16.3%	6,756	1,257	18.6%
Trucks									
Utilities	3,632	778	21.4%	3,071	642	20.9%	3,654	809	22.1%
Pick-ups	1,630	553	33.9%	1,404	487	34.7%	1,993	738	37.0%
Vans	678	74	10.9%	583	68	11.7%	841	151	17.9%
Medium Duty	189	4	1.9%	177	13	7.2%	259	26	10.0%
Total trucks	6,130	1,408	23.0%	5,236	1,210	23.1%	6,746	1,723	25.5%
Total United States	11,778	2,215	18.8%	10,607	2,084	19.7%	13,503	2,981	22.1%
Canada, Mexico and Other	2,666	410	15.4%	2,539	400	15.7%	3,065	585	19.1%
Total GMNA	14,444	2,625	18.2%	13,145	2,484	18.9%	16,567	3,565	21.5%
GME	18,952	1,662	8.8%	18,786	1,668	8.9%	21,968	2,043	9.3%
GMIO	35,072	3,077	8.8%	28,258	2,453	8.7%	24,886	1,832	7.4%
GMSA	5,160	1,026	19.9%	4,369	872	20.0%	4,449	920	20.7%
Total Worldwide	73,628	8,390	11.4%	64,559	7,477	11.6%	67,870	8,359	12.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

Vehicle Sales (a)(b)(c)(d)(e)
Years Ended December 31,

	2010			2009			2008		
	Industry	GM	GM as a % of Industry	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
GMNA									
United States	11,778	2,215	18.8%	10,607	2,084	19.7%	13,503	2,981	22.1%
Canada	1,583	247	15.6%	1,483	254	17.1%	1,674	359	21.4%
Mexico	848	156	18.3%	774	138	17.9%	1,071	212	19.8%
Other	235	7	3.2%	282	7	2.5%	320	13	4.2%
Total GMNA	14,444	2,625	18.2%	13,145	2,484	18.9%	16,567	3,565	21.5%
GME									
United Kingdom	2,293	290	12.7%	2,223	287	12.9%	2,485	384	15.4%
Germany	3,199	269	8.4%	4,049	382	9.4%	3,425	300	8.8%
Italy	2,160	170	7.9%	2,359	189	8.0%	2,423	202	8.3%
Russia	1,987	159	8.0%	1,511	142	9.4%	3,024	338	11.2%
Uzbekistan	149	145	97.1%	107	103	95.8%	108	20	18.8%
France	2,709	123	4.6%	2,685	119	4.4%	2,574	114	4.4%
Spain	1,115	100	8.9%	1,075	94	8.7%	1,363	107	7.8%
Other	5,341	406	7.6%	4,777	353	7.4%	6,566	579	8.8%
Total GME	18,952	1,662	8.8%	18,786	1,668	8.9%	21,968	2,043	9.3%
GMIO (f)(g)									
China	18,354	2,352	12.8%	13,745	1,826	13.3%	9,074	1,095	12.1%
Australia	1,036	133	12.8%	937	121	12.9%	1,012	133	13.1%
South Korea	1,556	127	8.1%	1,455	115	7.9%	1,215	117	9.7%
Middle East Operations	1,150	123	10.7%	1,053	117	11.1%	1,545	144	9.3%
India	3,016	110	3.7%	2,257	69	3.1%	1,971	66	3.3%
Egypt	249	68	27.2%	206	52	25.5%	262	60	23.1%
Other	9,712	164	1.7%	8,606	152	1.8%	9,807	217	2.2%
Total GMIO	35,072	3,077	8.8%	28,258	2,453	8.7%	24,886	1,832	7.4%
GMSA									
Brazil	3,515	658	18.7%	3,141	596	19.0%	2,820	549	19.5%
Argentina	665	109	16.3%	517	79	15.2%	616	95	15.5%
Colombia	254	85	33.6%	185	67	36.1%	219	80	36.3%
Venezuela	125	51	40.6%	137	49	36.1%	272	90	33.2%
Other	600	123	20.4%	389	81	20.9%	522	105	20.2%
Total GMSA	5,160	1,026	19.9%	4,369	872	20.0%	4,449	920	20.7%
Total Worldwide	73,628	8,390	11.4%	64,559	7,477	11.6%	67,870	8,359	12.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Includes HUMMER, Saturn and Pontiac vehicle sales data.

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(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009 and Old GM SGM joint venture vehicle sales in China of 432,000 vehicles and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM vehicle sales in China as part of our global market share.

Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Fleet sales are comprised of vehicle sales to daily rental car companies, as well as leasing companies and commercial fleet and government customers. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. As part of our pricing strategy, particularly in the U.S., we have improved our mix of sales to specific customers. In the accompanying tables fleet sales are presented as vehicle sales. A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery.

The following table summarizes estimated fleet sales and the amount of those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2010	2009	2008
	GM	Combined GM and Old GM	Old GM
GMNA	715	590	953
GME	534	540	769
GMIO	330	333	389
GMSA	217	177	198
Total fleet sales (a)(b)	1,796	1,640	2,309
Fleet sales as a percentage of total vehicle sales	21.4%	21.9%	27.6%

(a) Fleet sales vary by segment and certain amounts are estimated.

(b) Fleet sales data may include rounding differences.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes U.S. fleet sales and the amount of those sales as a percentage of total U.S. vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2010	2009	2008
	GM	Combined GM and Old GM	Old GM
Daily rental sales	429	307	480
Other fleet sales	195	207	343
Total fleet sales (a)	624	514	823
Fleet sales as a percentage of total vehicle sales			
Cars	36.9%	29.0%	34.8%
Trucks	23.2%	21.6%	22.4%
Total cars and trucks	28.2%	24.7%	27.6%

(a) Fleet sales data may include rounding differences.

Product Pricing

A number of methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2011 we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy, coupled with sound inventory management, will continue to strengthen the reputation of our brands and result in competitive prices.

Cyclical Nature of Business

In the automotive industry, retail sales are cyclical and production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries. The market for vehicles is cyclical and depends on general economic conditions, credit availability and consumer spending. In 2010 the global automotive industry, particularly in the U.S., had not yet fully recovered from the negative economic factors experienced in 2008.

Relationship with Dealers

We market vehicles worldwide through a network of independent retail dealers and distributors. At December 31, 2010 there were 4,458 vehicle dealers in the U.S., 465 in Canada and 244 in Mexico and other Central American locations. Additionally, there were a total of 15,048 distribution outlets throughout the rest of the world. These outlets include distributors, dealers and authorized sales, service and parts outlets.

The following table summarizes the number of authorized dealerships:

	December 31,		
	2010	2009	2008
GMNA	5,167	6,450	7,360
GME	7,859	8,422	8,732
GMIO	6,053	5,784	4,362
GMSA	1,136	1,166	1,148
Total Worldwide	20,215	21,822	21,602

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Specific Management Initiatives — U.S. Dealer Reduction" for a further discussion on our U.S. dealer reduction.

We enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those vehicles to retail customers from a GM approved location. Our dealers often offer more than one GM brand of vehicle at a single dealership. In fact, we actively promote this for several of our brands in a number of our markets in order to enhance dealer profitability. Authorized GM dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell, using genuine GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program, and those repairs are to be made only with genuine GM parts. Our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts provided by GM Financial, Ally Financial, Inc., formerly GMAC, Inc. (Ally Financial) and other financial institutions.

Because dealers maintain the primary sales and service interface with the ultimate consumer of our products, the quality of GM dealerships and our relationship with our dealers and distributors are critical to our success. In addition to the terms of our contracts with our dealers, we are regulated by various country and state franchise laws that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

Research, Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services, including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers.

The following table summarizes research and development expense (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$ 6,962	$ 3,034	$ 3,017	$ 8,012

Research

Overview

Our top priority for research is to continue to develop and advance our alternative propulsion strategy, as energy diversity and environmental leadership are critical elements of our overall business strategy. Our objective is to be the recognized industry leader in fuel efficiency through the development of a wide variety of technologies to reduce petroleum consumption. To meet this objective we focus on five specific areas:

- Continue to increase the fuel efficiency of our cars and trucks;
- Develop alternative fuel vehicles;
- Invest significantly in our hybrid and electric technologies;
- Invest significantly in plug-in electric vehicle technology; and
- Continue development of hydrogen fuel cell technology.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fuel Efficiency

We and Old GM have complied with federal fuel economy requirements since their inception in 1978, and we are fully committed to meeting the requirements of the Energy Independence and Security Act of 2007 (EISA) and compliance with other regulatory schemes, including the California vehicle greenhouse gas emissions program. We anticipate steadily improving fuel economy for both our car and truck fleets. We are committed to meeting or exceeding all federal fuel economy standards in the 2011 through 2016 model years. We plan to achieve compliance through a combination of strategies, including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and six speed automatic transmissions; (3) vehicle improvements, including increased use of lighter, front-wheel drive architectures; (4) increased hybrid and electric vehicle offerings; and (5) portfolio changes, including increasing car/crossover mix and dropping select larger vehicles in favor of smaller, more fuel efficient offerings.

We are committed to lead in the development of technologies to increase the fuel efficiency of internal combustion engines such as cylinder deactivation, direct injection, turbo-charging with engine downsizing, six speed transmissions and variable valve timing. As a full-line manufacturer that produces a wide variety of cars, trucks and sport utility vehicles, we currently offer 13 models (2011 model year) obtaining 30 mpg or more in highway driving.

Alternative Fuel Vehicles

We have been in the forefront in the development of alternative fuel vehicles, leveraging experience and capability developed around these technologies in our operations in Brazil. Alternative fuels offer the greatest near-term potential to reduce petroleum consumption in the transportation sector, especially as cellulosic sources of ethanol become more affordable and readily available in the U.S.

We currently offer 19 FlexFuel vehicles for the 2011 model year, estimated to be 40% of our U.S. vehicle sales, capable of operating on gasoline, E85 ethanol or any combination of the two. As part of an overall energy diversity strategy, we remain committed to making at least 50% of the vehicles we produce for the U.S. capable of operating on biofuels, specifically E85 ethanol, by 2012, assuming the appropriate infrastructure growth materializes. However, recent regulatory developments occurring in the fourth quarter of 2010 have altered our previous FlexFuel vehicle production goals beyond 2012. We are currently evaluating the effects of these regulatory developments.

We are focused on promoting sustainable biofuels derived from non-food sources, such as agricultural, forestry and municipal waste. We are continuing to work with our two strategic alliances with cellulosic ethanol makers: Coskata, Inc., of Warrenville, Illinois, and New Hampshire based Mascoma Corp. In October 2009, Coskata, Inc. opened its semi-commercial facility for manufacturing cellulosic ethanol and Mascoma Corp. has been making cellulosic ethanol at its Rome, New York, demonstration plant since late 2008.

We are supporting the development of biodiesel, a clean-burning alternative diesel fuel that is produced from renewable sources. In 2011 model year full-size pickups and vans, B20 capability is standard on our Duramax 6.6L turbo diesel engine. The Duramax diesel engine is available in the Chevrolet Silverado and GMC Sierra heavy-duty pickups and Chevrolet Express and GMC Savana full-size vans.

We have announced that Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG) powered versions of the Chevrolet Express and GMC Savana full-size vans will be offered to fleet and commercial customers. We are currently accepting orders for the CNG cargo vans, and the LPG van cutaway models will begin production by the second quarter of 2011. The vans have specially designed engines for the gaseous fuels and come direct to the customer with the fully integrated and warranted dedicated gaseous fuel system in place.

Hybrid and Plug-In Electric Vehicles

We are investing significantly in multiple technologies offering increasing levels of vehicle electrification including hybrid, plug-in hybrid and electric vehicles with extended-range technology. We currently offer seven hybrid models. We continue to develop plug-in

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

hybrid electric vehicle technology (PHEV) which includes the Chevrolet Volt and Opel Ampera electric vehicles with extended range capabilities. We plan to invest heavily between 2011 and 2012 to support the expansion of our electrified vehicle offerings and in-house development and manufacturing capabilities of advanced batteries, electric motors and power control systems.

The GM Two-mode Hybrid system is offered with the automotive industry's only hybrid full-size trucks and sport utility vehicles: Chevrolet Tahoe, Chevrolet Silverado, GMC Yukon and Yukon Denali, GMC Sierra, Cadillac Escalade and Escalade Platinum.

A PHEV, using a modified version of our Two-Mode Hybrid system and advanced lithium-ion battery technology, is scheduled to launch in 2012. The PHEV will provide low-speed electric-only propulsion, and blend engine and battery power to significantly improve fuel efficiency.

The Chevrolet Volt is an electric vehicle with extended range capability. For the first 25 to 50 miles, depending on terrain, driving technique, temperature and battery age, the Chevrolet Volt operates as a full-performance battery electric vehicle powered only by electricity. Once the battery is depleted, the Chevrolet Volt's onboard engine generates the energy needed to power the vehicle over 300 additional miles on a full tank of premium fuel. Production of the 2011 Chevrolet Volt began in November 2010. The Chevrolet Volt arrived in dealerships in select U.S. geographic markets in December 2010, and we plan to have Chevrolet Volts available in all participating dealerships in the U.S. by the end of 2011. A second electric vehicle with extended range, the Opel Ampera, is scheduled to launch in Europe in late 2011.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. We and Old GM have conducted research in hydrogen fuel cell development spanning more than 40 years, and we are the only U.S. automobile manufacturer actively engaged in all elements of the fuel cell propulsion system development in-house. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, are the largest in the world and have accumulated more than 1.7 million miles of real-world driving by consumers, celebrities, business partners and government agencies. More than 6,500 individuals have driven the fuel cell powered Chevrolet Equinox, either in short drives, such as media or special events, or as part of Project Driveway. To date, their feedback has led to technology improvements such as extending fuel cell stack life and improvements in the regenerative braking system, which has also benefited our Two-Mode Hybrid vehicles, and improvements in the infrastructure of fueling stations for hydrogen fuel cell electric vehicles. The knowledge gained during Project Driveway on the fuel cell itself has affected the development of the Chevrolet Volt battery as we are applying fuel cell thermal design knowledge to the Chevrolet Volt battery design. Project Driveway operates in Washington D.C. and California (including Los Angeles, Orange County and Sacramento) for the California Fuel Cell Partnership and the California Air Resources Board (CARB). Project Driveway also operates in the New York Metropolitan area and the greater New York City area with hydrogen fueling stations at JFK International Airport and in the Bronx. Most Project Driveway participants drive Chevrolet Equinoxes for two months with the cost of fuel and insurance provided free in exchange for participant feedback. The Chevrolet Equinox fuel cell electric vehicles do not use any gasoline or oil and emit only water vapor. We have made significant progress on the fuel cell stack for a second-generation fuel cell vehicle, though we currently have not approved such a program.

OnStar

Advancements in telematics (wireless voice and data) technology are demonstrated through our OnStar service. OnStar's in-vehicle safety, security and communications service is available on more than 40 of our 2011 model year vehicles and currently serves 6 million subscribers in the U.S., Canada and China. In China, OnStar increased in-vehicle telematics services to more than 170,000 subscribers. OnStar's key services include: Automatic Crash Response, Stolen Vehicle Assistance, Turn-by-Turn Navigation, OnStar Vehicle Diagnostics and Hands-Free Calling. In 2010 we offered OnStar eNav, a feature of Turn-by-Turn Navigation, available through Google Maps. OnStar subscribers are able to search for and identify destinations using Google Maps and send those destinations to their vehicles. They can then access the destinations whenever they choose and receive OnStar Turn-by-Turn directions to the destination from wherever they are. Also in 2010, Chevrolet and OnStar unveiled the automotive industry's first

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

working smartphone application, which will allow Chevrolet Volt owners 24/7 connection and remote control of vehicle functions and OnStar features. OnStar's Mobile Application allows drivers to communicate with their Chevrolet Volt from Motorola Droid, Apple iPhone and Blackberry Storm smartphones. It uses a real-time data connection to perform tasks from setting the charge time to unlocking the doors.

In 2009 OnStar developed an Injury Severity Prediction system based on the findings of a Center for Disease Control and Prevention expert panel which allows OnStar advisors to alert first responders when a vehicle crash is likely to have caused serious injury to the occupants. Data from OnStar's Automatic Crash Response system will be used to automatically calculate the Injury Severity Prediction which can assist responders in determining the level of care required and the transport destination for patients. OnStar has also expanded its Stolen Vehicle Assistance services with the announcement of Remote Ignition Block. This will allow an OnStar Advisor to send a remote signal to a subscriber's stolen vehicle to prevent the vehicle from restarting once the ignition is turned off. We believe that this capability will not only help authorities recover stolen vehicles, but can also prevent or shorten dangerous high speed pursuits.

Other Technologies

Other safety systems include the third generation of our StabiliTrak electronic stability control system. The system maximizes handling and braking by using a combination of systems and sensors including anti-lock braking systems (ABS), traction control, suspension and steering. Our Lane Departure Warning System and Side Blind Zone Alert Systems extend and enhance driver awareness and vision.

Product Development

Our vehicle development activities are integrated into a single global organization. This strategy builds on earlier efforts to consolidate and standardize our approach to vehicle development.

Under our global vehicle architecture strategy and for each of our ten global architectures, we define a global architecture as a specific range of performance characteristics and dimensions supporting a common set of major underbody components and subsystems with common interfaces.

A centralized organization is responsible for many of the non-visible parts of the vehicle such as steering, suspension, the brake system, the heating, ventilation and air conditioning system and the electrical system. This team works very closely with the global architecture development teams around the world, who are responsible for components that are unique to each brand, such as exterior and interior design, tuning of the vehicle to meet the brand character requirements and final validation to meet applicable government requirements.

We currently have ten different global architectures that are assigned to regional centers around the world. The allocation of the architectures to specific regions is based on where the expertise for the vehicle segment resides, e.g., mini and small vehicles in Asia Pacific, compact vehicles in Europe and midsize, crossover, and rear-wheel drive vehicles in North America. We are engineering most of these global architectures to enable various electric propulsion systems, rather than having unique architectures for hybrids, plug-in hybrids, extended-range electric and electric vehicles.

The ten global architectures are:

- Mini
- Small
- Compact
- Midsize
- Midsize Crossover
- Midsize Truck
- Small Sport Utility Vehicle
- Compact Sport Utility Vehicle
- Small Rear-Wheel Drive
- Large Rear-Wheel Drive

We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. While none of these patents by itself is material to our business as a whole, these patents are very important to our operations and continued technological development. We hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily composed of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements. In 2009 the weakening of commodity prices experienced in the latter part of 2008 was generally reversed with prices returning to more historical levels by year end. In early 2010, our costs increased further as commodity prices increased faster than expected due to economic growth in China and speculative activity in the commodity markets. During the middle part of 2010 there was a slight leveling of commodity prices due to European sovereign debt issues and concerns over a slowdown in China, but commodity prices have returned to steady price increases during the last few months of 2010.

In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. Based on our standard payment terms with our systems, components and parts suppliers, we are generally required to pay most of these suppliers on average 47 days following receipt with weekly disbursements.

Environmental and Regulatory Matters

Automotive Emissions Control

We are subject to laws and regulations that require us to control automotive emissions, including vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic system (OBD) requirements, in the regions throughout the world in which we sell cars, trucks and heavy-duty engines.

North America

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S., and additional requirements are imposed by various state governments, most notably California. These requirements include pre-production testing of vehicles, testing of vehicles after assembly, the imposition of emission defect and performance warranties and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. We must obtain certification that the vehicles will meet emission requirements from the Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the CARB before we can sell vehicles in California and other states that have adopted the California emissions requirements.

The EPA and the CARB continue to emphasize testing on vehicles sold in the U.S. for compliance with these emissions requirements. We believe that our vehicles meet the current EPA and CARB requirements. If our vehicles do not comply with the emission standards or if defective emission control systems or components are discovered in such testing, or as part of government required defect reporting, we could incur substantial costs related to emissions recalls and possible fines. We expect that new CARB and federal requirements will increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

The current EPA and the CARB emission requirements are referred to as Tier 2 and Low Emission Vehicle (LEV) II. Fleet-wide compliance with the Tier 2 and LEV II standards must be achieved based on a sales-weighted fleet average. President Obama has

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

directed the EPA to review its vehicle emission standards, and if the EPA finds that more stringent emission regulations are necessary, to promulgate such regulations. The CARB is developing its next generation emission standards, LEV III, which will further increase the stringency of its emission standards. We expect the LEV III requirements to be adopted as early as the fourth quarter of 2011 and to be phased in beginning with the 2014 model year. Both the EPA and the CARB have enacted regulations to control the emissions of greenhouse gases. Since we believe these regulations are effectively a form of fuel economy requirement, they are discussed under "Automotive Fuel Economy."

California law requires that 11% of 2011 model year cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV), such as electric vehicles or hydrogen fuel cell vehicles. The requirement is based on a complex system of credits that vary in magnitude by vehicle type and model year. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. An additional portion of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology, such as a hybrid electric propulsion system meeting specified criteria. Beginning in 2012, an additional portion of the ZEV requirement can be met with PHEVs that meet the partial ZEV requirements and certain other criteria. We are complying with the ZEV requirements using a variety of means, including producing vehicles certified to the partial ZEV requirements. CARB has also announced plans to adopt, as early as the fourth quarter of 2011, 2018 model year and later requirements for ZEVs and PHEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and light-duty truck emission standards in lieu of the federal requirements. Twelve states, including New York, Massachusetts, Maine, Vermont, Connecticut, Pennsylvania, Rhode Island, New Jersey, Oregon, Washington, Maryland and New Mexico, as well as the Province of Quebec, currently have these standards in effect, although New Mexico has waived its requirements through 2016 effective January 2011. Arizona has adopted the California standards effective beginning in the 2012 model year and Delaware has adopted those standards beginning in the 2014 model year. Additional states could also adopt the California standards in the future.

Advanced OBD systems, used to identify and diagnose problems with emission control systems, are required under U.S. federal, Canadian federal and California law. Problems detected by the OBD system have the potential of increasing warranty costs and the chance for recall. OBD requirements become more challenging each year as vehicles must meet lower emission standards and new diagnostics are required. California has adopted more stringent and technically challenging OBD requirements that take effect from the 2008 through 2013 model years, including new design requirements and corresponding enforcement procedures. We have implemented hardware and software changes to comply with these more stringent requirements.

The federal Tier 2 requirements for evaporative emissions are being harmonized with the California evaporative emission requirements beginning with a 2009 model year phase-in. California plans to further increase the stringency of its evaporative emission requirements as part of its LEV III rulemaking.

Vehicles equipped with heavy-duty engines are also subject to stringent emission requirements, and could be recalled, or fines could be imposed against us, should testing or defect reporting identify a noncompliance with these emission requirements. For the 2011 model year, certain gasoline and diesel-powered Chevrolet Silverados, GMC Sierra Pickups, Chevrolet Express and GMC Savana Vans are classified as heavy-duty and subject to these requirements. We also certify heavy-duty engines for installation in other manufacturers' products. The heavy-duty exhaust standards became more stringent in the 2010 model year. As permitted by EPA and CARB regulations, we are using a system of credits, referred to as Averaging Banking and Trading, to help meet these stringent standards. OBD requirements were first applied to heavy-duty vehicles beginning with the 2010 model year, which we are meeting with certain hardware and software changes.

Europe

In Europe, emissions are regulated by two different entities: the European Commission (EC) and the United Nations Economic Commission for Europe (UN ECE). The EC imposes harmonized emission control requirements on vehicles sold in all 27 European

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Union (EU) Member States, and other countries apply regulations under the framework of the UN ECE. EU Member States can give tax incentives to automobile manufacturers for vehicles which meet emission standards earlier than the compliance date. This can result in specific market requirements for automobile manufacturers to introduce technology earlier than is required for compliance with the EC emission standards. The current EC requirements include type approval of preproduction testing of vehicles, testing of vehicles after assembly and the obligation to recall and repair vehicles that do not comply with emissions requirements. EC and UN ECE requirements are equivalent in terms of stringency and implementation. We must demonstrate that vehicles will meet emission requirements in witness tests and obtain type approval from an approval authority before we can sell vehicles in the EU Member States.

Emission requirements in Europe will become even more stringent in the future. A new level of exhaust emission standards for cars and light-duty trucks, Euro 5 standards, was applied in 2009, while stricter Euro 6 standards will apply beginning in 2014. The OBD requirements associated with these new standards will become more challenging as well. The new European emission standards focus particularly on reducing emissions from diesel vehicles. Diesel vehicles have become important in the European marketplace, where they encompass 50% of the market share. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6, we expect that we will need to implement technologies which are identical to those being developed to meet U.S. emission standards. The technologies available today are not cost effective and would therefore not be suitable for the European market for small- and mid-size diesel vehicles, which typically are under high cost pressure. Certain measures to reduce exhaust pollutant emissions have detrimental effects on vehicle fuel economy, which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, regulatory discussions in Europe are expected to continue. Regulators will continue to refine the testing requirements addressing issues such as test cycle, durability, OBD, in-service conformity and off-cycle emissions.

International Operations

In our international operations, our vehicles are subject to a broad range of vehicle emission laws and regulations. China has implemented European emission standards, with Euro 4 standards first applied in Beijing in 2008. Shanghai implemented Euro 4 standards with European OBD requirements for newly registered vehicles in 2009 and Euro 4 standards came into effect nationwide in 2010 for new vehicle approvals and will come into effect beginning in 2011 for newly registered vehicles. Beijing is expected to require many elements of Euro 5 standards for newly registered vehicles beginning in 2012 with additional elements of Euro 5 standards being enforced beginning in 2014. Nationwide implementation of Euro 5 is expected in 2013 or 2014. South Korea has implemented the following: (1) CARB emission requirements based on a sales-weighted fleet average with different application timings and levels of non-methane organic gas (which is the sum of all organic air pollutants, excluding methane) targets for gasoline and LPG powered vehicles; (2) Euro 5 standards for diesel-powered vehicles; (3) CARB standards for gasoline-powered vehicles; and (4) EU regulations for diesel-powered vehicles for OBD and evaporative emissions. The senior representatives from each of the Association of Southeast Asian Nations (ASEAN Committee) agreed that the major ASEAN countries of Thailand, Malaysia, Indonesia, Philippines and Singapore would implement Euro 4 standards for gasoline and diesel powertrains, with the exception of Singapore which already requires Euro 4 for diesel powertrains. In April 2010 most of the ASEAN countries decided to postpone Euro 4 beyond 2012 with the exception of Thailand. Since April 2010 India's Bharat Stage IV emission standards have been required for new vehicle registrations in 13 major cities and Bharat Stage III emission standards are required throughout the rest of India. Starting in 2013 EU OBD II will be implemented for all Bharat Stage IV vehicles. Roadworthiness requirements in 13 major cities for Bharat Stage IV vehicles will commence in 2011. Japan sets specific exhaust emission and durability standards, test methods and driving cycles. In Japan, OBD is required with both EU and U.S. OBD systems accepted. All other countries in which we conduct operations within the Asia Pacific region either require or allow some form of EPA, EU or UN ECE style emission regulations with or without OBD requirements. In Russia, current emission regulations are equivalent to Euro 3 for cars and Euro 2 for commercial vehicles. The implementation of Euro 4 equivalent emission requirements for cars has been delayed to 2012. Euro 5 equivalent emission requirements for cars do not have an implementation date, but are expected to be implemented in 2015. Australia currently requires a Euro 4 equivalent emission standard and is currently considering the implementation of a Euro 5 equivalent emission standard.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

South America

In South America, some countries follow the U.S. test procedures, standards and OBD requirements and some follow the EU test procedures, standards and OBD requirements with different levels of stringency. Brazil implemented national LEV standards, L5, which preceded Tier 2 standards in the U.S., for passenger cars and light commercial vehicles in 2009. L6 standards for light diesel vehicles are to be implemented in 2012, which mandate OBD requirements for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in 2014 for new vehicles and 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in 2009 and is moving to Euro 5 standards in 2012 for new vehicles and 2014 for all models. Chile currently requires U.S. Tier 1 or Euro 3 standards for gasoline vehicles and U.S. Tier 2 Bin 8 or Euro 4 standards for diesel vehicles and has approved U.S. Tier 2 Bin 8 or Euro 4 standards for gasoline vehicles beginning in April 2011 and U.S. Tier 2 Bin 5 or Euro 5 standards for diesel vehicles beginning in September 2011. Other countries in the South America region either have adopted some level of U.S. or EU standards or no standards at all.

Industrial Environmental Control

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. In connection with the 363 Sale we have assumed various stages of investigation for sites where contamination has been alleged and a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability, as well as liability for related damages to natural resources.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. Environmental reserves are recorded when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. This practice is followed whether the claims are asserted or unasserted. At December 31, 2010 our reserves for environmental liabilities were $195 million. The amount of current reserves is expected to be paid out over the periods of remediation for the applicable sites, which typically range from five to 30 years.

The following table summarizes the expenditures for site-remediation actions, including ongoing operations and maintenance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Site remediation expenses	$ 19	$ 3	$ 34	$ 94

It is possible that such remediation actions could require average annual expenditures of $30 million over the next five years.

Certain remediation costs and other damages for which we ultimately may be responsible are not reasonably estimable because of uncertainties with respect to factors such as our connection to the site or to materials located at the site, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation). As a result, we are unable to determine or reasonably estimate the total amount of costs or other damages for which we are potentially responsible in connection with all sites, although that total could be substantial.

To mitigate the effects our worldwide facilities have on the environment, we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. Landfill-free facilities send no manufacturing waste to landfills, by either recycling or creating energy from the waste. As part of our commitment to reduce the environmental effect resulting from our worldwide facilities, our goal was to convert half of our major global manufacturing operations to landfill-free facilities by 2010. In 2010 we achieved this

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

goal with 76 landfill-free facilities, which is 52% of our worldwide facilities. At our landfill-free facilities, over 96% of waste materials are recycled or reused and 3% is converted to energy at waste-to-energy facilities. We estimate that we recycled or reused over 1.9 million tons of waste materials and estimate that we converted 38,800 tons of waste materials to energy at waste-to-energy facilities in the year ended December 31, 2010. These numbers will increase as additional manufacturing sites reach landfill-free status.

We are continuing to implement our global energy strategy with a goal to increase our green power purchases. Our web-based data collection and management system is an integrated application designed to monitor and measure energy use as well as calculate the related carbon dioxide (CO_2) emissions, including collecting and verifying energy, water, and other environmental data from facilities around the globe. We manage our greenhouse gas emissions using an integrated systems approach. This integrated systems approach includes a greenhouse gas reporting policy, global process to collect accurate data, internal and external targets and reporting progress against the established targets.

Automotive Fuel Economy

North America

The 1975 Energy Policy and Conservation Act (EPCA) provided for average fuel economy requirements for fleets of passenger cars built for the 1978 model year and thereafter. Corporate Average Fuel Economy (CAFE) reporting is required for three separate fleets, domestically produced cars, imported cars and light-duty trucks. In 2010 car standards were fixed at 27.5 mpg while the light duty trucks standards were established using targets for various vehicle sizes and vehicle model sales volumes. The following table summarizes our estimated CAFE compliance standards and our projected compliance (in mpg):

	2010 Model Year (a)		2011 Model Year (b)(c)	
	Standard	GM	Standard	GM
Domestic car	27.5	30.6	30.0	31.0
Import car	27.5	34.0	28.2	30.2
Light-duty truck	22.9	25.4	22.7	22.7

(a) Reported in our Official 2010 Mid-Model Year Automotive Fuel Economy Report to National Highway Traffic Safety Administration (NHTSA).

(b) Reported in our Official 2011 Pre-Model Year Automotive Fuel Economy Report to NHTSA.

(c) Beginning in 2011 all three fleet's standards are reformed (i.e., based on vehicle size and vehicle model sales volumes).

In response to a U.S. Supreme Court decision, the EPA was directed to establish a new program to regulate greenhouse gas emissions for vehicles under the Clean Air Act. In April 2010 the EPA and the NHTSA issued a joint final rule to implement a coordinated national program consisting of new requirements for model year 2012 through 2016 light-duty vehicles that will reduce greenhouse gas emissions under the Clean Air Act and improve fuel economy pursuant to the CAFE standards under the EPCA. These reform-based standards apply to 2012 through 2016 model year passenger cars, light-duty trucks, and medium-duty passenger vehicles (collectively, light-duty vehicles) and will require an industry wide standard of 35.5 mpg by 2016. Our current product plan projects compliance with the federal programs through 2016.

Environment Canada, an agency established to preserve and enhance the quality of the natural environment and coordinate environmental policies and programs for the Canadian federal government, implemented vehicle greenhouse gas standards that were harmonized with the mandatory standards of the U.S. beginning with the 2011 model year. The Province of Quebec has indicated that it will align its vehicle greenhouse gas regulation to the Canadian federal government requirements once they are finalized.

California has passed legislation (AB 1493) requiring the CARB to regulate greenhouse gas emissions from vehicles (which is the same as regulating fuel economy). This California program is currently established for the 2009 through 2016 model years. California needed a federal waiver to implement this program and was granted this waiver in June 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

CARB has agreed that compliance with the federal program is deemed to be compliance with the California program for 2012 through 2016 model years. California's program to regulate vehicle greenhouse gases is separately in effect for the 2009 through 2011 model years. The following table summarizes California's program compliance standards and our projected compliance (in grams per mile CO_2-equivalent):

	2009 Model Year		2010 Model Year		2011 Model Year	
	Standard	Combined GM and Old GM	Standard	GM	Standard	GM (a)
Passenger car and light-duty truck 1 fleet	323	297	301	295	267	291
Light–duty truck 2 + medium-duty passenger vehicle fleet	439	414	420	384	390	379

(a) Our performance projections for the 2011 model year for passenger cars is projected to be more than the standard. We are still projecting compliance in 2011 due to the allowed use of credits earned in previous years.

Europe

In Europe, legislation was passed in 2009 to regulate vehicle CO_2 emissions beginning in 2012. Based on a target function of CO_2 to vehicle weight, each automobile manufacturer must meet a specific sales weighted fleet average target. This fleet average requirement will be phased in with 65% of vehicles sold in 2012 required to meet this target, 75% in 2013, 80% in 2014 and 100% in 2015 and beyond. Automobile manufacturers can earn super-credits under this legislation for the sales volume of vehicles having a specific CO_2 value of less than 50 grams CO_2. This is intended to encourage the early introduction of ultra-low CO_2 vehicles such as the Chevrolet Volt and Opel Ampera by providing an additional incentive to reduce the CO_2 fleet average. Automobile manufacturers may gain credit of up to seven grams for eco-innovations for those technologies which improve real-world fuel economy but may not show in the test cycle, such as solar panels on vehicles. There is also a 5% credit for E85 FlexFuel vehicles if more than 30% of refueling stations in an EU Member State sell E85. Further regulatory detail is being developed in the comitology process, which develops the detail of the regulatory requirements through a process involving the EC and EU Member States. The legislation sets a target of 95 grams per kilometer CO_2 for 2020 with an impact assessment required to further assess and develop this requirement. We have developed a compliance plan by adopting operational CO_2 targets for each market entry in Europe.

In 2009 the European Commission adopted a proposal to regulate CO_2 emissions from light commercial vehicles. The proposal is modeled after the CO_2 regulation for passenger cars. It proposes that new light commercial vehicles meet a fleet average CO_2 target of 175 grams per kilometer CO_2 with a phase-in of compliance beginning with 75% of new light commercial vehicles by 2014, 80% by 2015 and 100% compliance by 2016. The manufacturer-specific CO_2 compliance target will be determined as a function of the weight of the vehicle with all standard equipment and fuel (vehicle curb weight). Flexibilities, such as eco-innovations and super credits, are part of the regulatory proposal as well. A long-term target for 2020 of 135g/km has been also proposed, to be confirmed in 2013 after an impact assessment. We are currently performing an assessment of the effect of the proposal on our fleet of light commercial vehicles. The proposal will now go through the legislative process with the European Parliament and European Council, during which we expect some modifications to be adopted.

An EC regulation has been adopted that will require low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators by 2012. An additional EC regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

Seventeen EU Member States have introduced fuel consumption or CO_2 based vehicle taxation schemes. Tax measures are within the jurisdiction of the EU Member States. We are faced with significant challenges relative to the predictability of future tax laws and differences in the tax schemes and thresholds.

International Operations

In our international operations, we face new or increasingly more stringent fuel economy standards. In China, Phase 3 fuel economy standards are under development and will move from a vehicle pass-fail system to a curb-weight based, corporate fleet

Table of Contents

average scheme. Phase 3 fuel economy standards are expected to increase by 15% or more from the current Phase 2 targets and implementation is expected to be phased in from 2012 with full compliance required by 2015. Some relief for certain vehicle types and vehicles with automatic transmissions will be applied through 2015. In 2016 there will be one common standard for vehicles with either a manual or automatic transmission. China is also considering proposals to increase annual vehicle taxes, and to scale the tax rates to more heavily tax larger displacement engines beginning in 2012. In Korea, new preliminary fuel economy/CO_2 targets for 2012 through 2015 and beyond were announced in September 2010 as part of the government's low carbon/green growth strategy. These targets are based on each vehicle's curb weight, but in general are set at levels more stringent than fuel economy/CO_2 targets in the U.S., but less stringent than fuel economy/CO_2 targets in Europe. The proposed standards will be phased-in beginning in 2012 and finishing in 2015 with manufacturers having the option to certify either on a fuel consumption basis or a CO_2 emissions basis. Each manufacturer will be given a corporate target to meet based on an overall industry fleet fuel economy/CO_2 average. Other aspects of the program being considered include credits, incentives, and penalties. In January 2011 Korea announced the exemption level for compliance by small volume manufacturers as discussed in the Korea-U.S. and Korea-EU free trade agreement negotiations. Manufacturers with sales volumes of less than 4,500 units in 2009 will meet the small volume manufacturer's exemption and will be subject to less stringent requirements. Korea is expected to finalize and promulgate the new fuel economy/CO_2 regulation in the first quarter of 2011. In Australia, the government is conducting an assessment of possible vehicle fuel efficiency measures including shifting from voluntary to mandatory standards and how any such move would align with the government's policy response to climate change. Before the government makes any decisions on additional fuel efficiency measures, it will conduct an industry consultation. India is expected to establish fuel economy norms based on weight and measured in CO_2 emissions that will become mandatory in 2015. The Indian government is considering establishing voluntary limits in 2012, mandatory limits in 2015 with a 12.4% decrease from 2012 values and a 13.0% drop from 2015 limits by 2020. In 2009 automobile manufacturers in India began to voluntarily declare the fuel economy of each vehicle at the point of sale. In South Africa, CO_2 emissions are not regulated, but a new CO_2 emission tax went into effect for all new passenger cars in September 2010 with the exception of double cabbed light commercial vehicles, for which implementation is delayed until March 2011.

South America

In Brazil, governmental bodies and the Brazilian automobile manufacturers association established a national voluntary program for evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion engines. This voluntary program aims to increase vehicle energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions.

Chemical Regulations

North America

In the U.S., the EPA and several states have introduced regulations or legislation related to the selection and use of safer chemical alternatives, green chemistry and product stewardship initiatives as have several provinces in Canada. These initiatives will give broad regulatory authority over the use of certain chemical substances and potentially affect automobile manufacturers' responsibilities for vehicle life-cycle, including chemical substance selection for product development and manufacturing. Although vehicles may not specifically be included in the regulations currently being developed, automotive sector effects are expected because substances that comprise components may be included. These emerging regulations will potentially lead to increases in cost and supply chain complexity. California's "Safer Alternatives for Consumer Products" was the first of these regulations although implementation requirements have been delayed beyond 2010.

Europe

In 2007 the EU implemented its regulatory requirements to register, evaluate, authorize and restrict the use of chemical substances (REACH). This regulation requires chemical substances manufactured in or imported into the EU in quantities of one metric ton or more per year to be registered with the European Chemicals Agency before 2018. During REACH's pre-registration phase, Old GM

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

and our suppliers registered those substances identified by the regulation. REACH is to be phased in over a 10 year period. During the implementation phase, REACH will require ongoing action from manufacturers and importers of pure chemical substances, chemical preparations (mixtures), and articles. This will affect us, as an original equipment manufacturer (OEM), as well as our suppliers and other suppliers in the supply chain. Under REACH, substances of very high concern may either require authorization for further use or may be restricted in the future. This could potentially increase the cost of certain alternative substances that are used to manufacture vehicles and parts or result in a supply chain disruption when a substance is no longer available to meet production timelines. Our research and development initiatives may be diverted to address future REACH requirements. In order to maintain compliance, we are continually monitoring the implementation of REACH and its effect on our suppliers and the automotive industry.

Safety

New motor vehicles and motor vehicle equipment sold in the U.S. are required to meet certain safety standards promulgated by the NHTSA. The National Traffic and Motor Vehicle Safety Act of 1966 authorized the NHTSA to determine these standards and the schedule for implementing them. In the case of a vehicle defect that creates an unreasonable risk to motor vehicle safety or if a vehicle or item of motor vehicle equipment does not comply with a safety standard, the manufacturer is required to notify owners and provide a remedy. We are required to report certain information relating to certain customer complaints, warranty claims, field reports and notices and claims involving property damage, injuries and fatalities in the U.S. and claims involving fatalities outside the U.S., as well as information concerning safety recalls and other safety campaigns outside the U.S.

We are subject to certain safety standards and recall regulations in the markets outside the U.S. These standards often have the same purpose as the U.S. standards, but may differ in their requirements and test procedures. From time to time, other countries pass regulations which are more stringent than U.S. standards. Many countries require type approval while the U.S. and Canada require self-certification.

Vehicular Noise Control

Vehicles we manufacture and sell may be subject to noise emission regulations.

In the U.S., passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We are committed to designing and developing our products to meet these noise regulations. Since addressing different vehicle noise regulations established in numerous state and local jurisdictions is not practical, we attempt to identify the most stringent requirements and validate to those requirements. In the rare instances where a state or local noise regulation is not covered by the composite requirement, a waiver of the requirement is requested and to date the resolution of these matters has not resulted in significant cost or other material adverse effects to us. Medium to heavy-duty trucks are regulated at the federal level. Federal truck regulations preempt all United States state or local noise regulations for trucks over 10,000 lbs. gross vehicle weight rating.

Outside the U.S., noise regulations have been established by authorities at the national and supranational level (e.g., EC or UN ECE for Europe). We believe that our vehicles meet all applicable noise regulations in the markets where they are sold.

While current noise emission regulations serve to regulate maximum allowable noise levels, proposals have been made to regulate minimum noise levels. These proposals stem from concern that vehicles that are relatively quiet, specifically hybrids, may not be heard by the sight-impaired. In the U.S., the Pedestrian Safety Enhancement Act was signed into law in January 2011 which requires NHTSA to study and then issue rulemaking on the minimum safe level of sound for hybrid and electrical vehicles. In Japan, the Ministry of Land, Infrastructure and Transport has issued guidelines on the performance and nature of any external audible pedestrian alert system, if fitted to a vehicle. The UN ECE is evaluating the use of a version of the Japanese guideline as an interim measure, pending further study. We are committed to design and manufacture vehicles to comply with potential noise emission regulations that may come from these proposals.

Potential Effect of Regulations

We are actively working on aggressive near-term and long-term plans to develop and bring to market technologies designed to further reduce emissions, mitigate remediation expenses related to environmental liabilities, improve fuel efficiency, monitor and

Table of Contents

enhance the safety features of our vehicles and provide additional value and benefits to our customers. This is illustrated by our commitment to marketing more hybrid vehicles, our accelerated commitment to developing electrically powered vehicles, our use of biofuels in our expanded portfolio of FlexFuel vehicles and enhancements to conventional internal combustion engine technology which have contributed to the fuel efficiency of our vehicles. The conversion of many of our manufacturing facilities to landfill-free status has shown our commitment to mitigate potential environmental liability. We believe that the development and global implementation of new, cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency, reduce greenhouse gas emissions and mitigate environmental liabilities.

Despite these advanced technology efforts, our ability to satisfy fuel economy, CO_2 and other emissions requirements is contingent on various future economic, consumer, legislative and regulatory factors that we cannot control and cannot predict with certainty. If we are not able to comply with specific new requirements, which include higher CAFE standards and state CO_2 requirements such as those imposed by the AB 1493 Rules, then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities, for which we may be responsible, are not reasonably estimable and could be substantial. Violations of safety or emissions standards could result in the recall of one or more of our products. In turn, any of these actions could have substantial adverse effects on our operations, including facility idling, reduced employment, increased costs and loss of revenue.

Pension Legislation

We are subject to a variety of federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Pension Protection Act of 2006 (PPA), which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The PPA is designed, among other things, to more appropriately reflect the fair value of pension assets and liabilities in order to determine funding requirements. The Pension Relief Act of 2010 provides us with additional options to amortize any shortfall amortization base for U.S. hourly and salaried qualified pension plans over seven years with amortization starting two years after the election of this relief or 15 years. While we do not need to make an election at this time, we expect to evaluate these options for the 2010 and 2011 plan years in the future. We do not have any required contributions in 2011. If we decide to elect one of these options, it could provide us with the flexibility to defer and potentially reduce the size of any minimum funding requirements for future years. We also maintain pension plans for employees in a number of countries outside the U.S., which are subject to local laws and regulations.

Export Control

We are subject to U.S. export control laws and regulations, including those administered by the U.S. Departments of State, Commerce, and Treasury. Most countries in which we do business have applicable export controls. Our Office of Export Compliance and global Export Compliance Officers are responsible for working with our business units to ensure compliance with these laws and regulations. Non-U.S. export controls are likely to become increasingly significant to our business as we develop our research and development operations on a global basis. If we fail to comply with applicable export compliance regulations, we and our employees could be subject to criminal and civil penalties and, under certain circumstances, loss of export privileges and debarment from doing business with the U.S. government and the governments of other countries.

Significant Transactions

Public Offering

In November and December 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of our Series B Preferred Stock and listed our common stock on the New York Stock Exchange and the Toronto Stock Exchange and listed our Series B Preferred Stock on the New York Stock Exchange. We received net proceeds of $4.9 billion from the offering of the Series B Preferred Stock.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Purchase of Series A Preferred Stock and Contributions to Pension Plans

In December 2010 we used proceeds received from our Series B Preferred Stock offering along with $1.2 billion cash on hand to purchase 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion and make a $4.0 billion cash contribution to our U.S. hourly and salaried pension plans. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition — Specific Management Initiatives" for additional information about the purchase of Series A Preferred Stock and contributions to U.S. hourly and salaried pension plans.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe that we will be required to draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition — Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Acquisition of AmeriCredit

On October 1, 2010 we completed the acquisition of AmeriCredit for cash of approximately $3.5 billion.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and three of its domestic direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009 (Purchase Agreement). Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Chapter 11 Proceedings and the 363 Sale" for additional information about the 363 Sale.

In connection with the 363 Sale, we also entered into a secured note agreement, as amended (VEBA Note Agreement) with the UAW Retiree Medical Benefits Trust (New VEBA) and issued the notes thereunder (VEBA Notes) to the New VEBA in the principal amount of $2.5 billion on July 10, 2009. The VEBA Notes had an implied interest rate of 9.0% per annum and were scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017. In October 2010, we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Agreements with UST and EDC

On July 10, 2009 we entered into a secured credit agreement with the UST (as amended, UST Credit Agreement) and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (as subsequently defined). Through our wholly-owned subsidiary General Motors of Canada (GMCL), we entered into an amended and restated loan agreement (Canadian Loan Agreement) with Export Development of Canada (EDC) and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015 (Canadian Loan). Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the principal balance to $6.7 billion.

In April 2010 we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. Following our repayment of the UST Loans and the Canadian Loan, our remaining funds of $6.6 billion that were held in escrow

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

became unrestricted. Refer to the section of this report entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — UST Loans and Canadian Loan” for additional information about the UST Loans and Canadian Loan.

Agreement with Delphi Corporation

In July 2009, we entered into the Delphi Master Distribution Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We and several third party investors agreed to acquire substantially all of Delphi’s remaining assets through New Delphi and certain excluded assets and liabilities have been retained by a Delphi entity to be sold or liquidated. In October 2009, we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the agreement, as more fully described in Note 5 to our consolidated financial statements. Refer to the section of this report entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Specific Management Initiatives — Resolution of Delphi Matters” for a description of the terms of the DMDA and related agreements.

Employees

At December 31, 2010 we employed 202,000 employees, of whom 135,000 (67%) were hourly employees and 67,000 (33%) were salaried employees. The following table summarizes worldwide employment (in thousands):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
GMNA (a)	96	103	118
GME (b)	40	50	54
GMIO (c)	32	34	38
GMSA	31	28	32
GM Financial	3	—	—
Total Worldwide	202	215	242
U.S. — Salaried	28	26	30
U.S. — Hourly	49	51	62

(a) Decrease in GMNA primarily relates to restructuring initiatives in the years ended December 31, 2010 and 2009.

(b) Decrease in GME primarily relates to the sale of Saab, employees located within Russia and Uzbekistan transferred from our GME segment to our GMIO segment and restructuring initiatives in Belgium, Germany, Spain and the United Kingdom in the year ended December 31, 2010.

(c) GMIO reflects a reduction of 2,400 employees due to the sale of GM India in the year ended December 31, 2010.

At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. Many of our employees outside the U.S. were represented by various unions. At December 31, 2010, we had 400,000 U.S. hourly and 120,000 U.S. salaried retirees, surviving spouses and deferred vested participants.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Executive Officers of the Registrant

The names and ages as of February 28, 2011 of our executive officers, and their positions and offices with General Motors are as follows:

Name and (Age)	Positions and Offices
Daniel F. Akerson (62)	Chairman and Chief Executive Officer
Stephen J. Girsky (48)	Vice Chairman, Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain
Christopher P. Liddell (52)	Vice Chairman and Chief Financial Officer
Thomas G. Stephens (62)	Vice Chairman and Global Chief Technology Officer
Jaime Ardila (55)	GM Vice President & President, South America
Timothy E. Lee (60)	GM Vice President & President, International Operations
David N. Reilly (61)	GM Vice President & President, Europe
Mark L. Reuss (47)	GM Vice President & President, North America
Mary T. Barra (49)	GM Senior Vice President, Global Product Development
Michael P. Millikin (62)	GM Senior Vice President and General Counsel
Daniel Ammann (38)	GM Vice President, Finance and Treasurer
Selim Bingol (50)	GM Vice President, Global Communications
Nicholas S. Cyprus (57)	GM Vice President, Controller and Chief Accounting Officer
Joel Ewanick (50)	GM Vice President and Global Chief Marketing Officer
Terry S. Kline (49)	GM Vice President, Information Technology and Chief Information Officer

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the officers named above, and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors or a committee of the Board to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

Daniel F. Akerson was named Chief Executive Officer in September 2010 and Chairman in January 2011. He had been a member of our Board of Directors since July 2009 and served on the Finance and Risk Policy (Chair) and Audit Committees. Before joining GM, he was Managing Director and Head of Global Buyout of The Carlyle Group from July 2009 until August 2010 and Managing Director and Co-Head of the U.S. Buyout Fund from 2003 to 2009. Mr. Akerson previously served as Chairman and Chief Executive Officer of XO Communications, Inc. from 1999 to January 2003, Chairman of Nextel Communications from 1996 to 2001, and Chairman and Chief Executive Officer from 1996 to 1999.

Stephen J. Girsky was named Vice Chairman of Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain in February 2011. He had been Vice Chairman of Corporate Strategy and Business Development since March 2010. He had been a member of our Board of Directors since July 2009 and served on the Finance and Risk Policy and Public Policy Committees. Prior to joining GM, he served as Senior Advisor to the Office of the Chairman of our company from December 2009 to February 2010 and President of S. J. Girsky & Company an advisory firm, from January 2009 to March 1, 2010. From November 2008 to June 2009, Mr. Girsky was an advisor to the UAW. He served as President of Centerbridge Industrial Partners, LLC, an affiliate of Centerbridge Partners, L.P., a private investment firm, from 2006 to 2009. Prior to joining Centerbridge, Mr. Girsky was a special advisor to the Chief Executive Officer and the Chief Financial Officer of Old GM from 2005 to June 2006. Mr. Girsky also served as lead director of Dana Holding Corporation (2008 to 2009). He has been a member of the Supervisory Board of Adam Opel GmbH since January 2010.

Christopher P. Liddell joined GM as Vice Chairman and Chief Financial Officer in January 2010 and leads our financial and accounting operations on a global basis. Before joining GM, Liddell was CFO for Microsoft Corporation from May 2005 until December 2009, where he was responsible for leading their worldwide finance organization. Mr. Liddell had previously served as CFO at International Paper Company.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Thomas G. Stephens was named Vice Chairman and Global Chief Technology Officer in January 2011. He had been associated with Old GM since 1969. Mr. Stephens had been Vice Chairman, Global Product Operations since December 2009, Vice Chairman, Global Product Development from July 2009 to December 2009 and Vice Chairman, Global Product Development for Old GM since April 2009. In January 2007, Mr. Stephens was appointed Group Vice President Global Powertrain and Global Quality and became Executive Vice President in March 2008. He was named Group Vice President for Global Powertrain in July 2001.

Jaime Ardila was named GM Vice President & President, South America, effective July 2010. He had been associated with Old GM since 1984. He had served as President and Managing Director of GM Mercosur since November 2007, with responsibility for operations in Brazil, Argentina, Uruguay, Paraguay, Chile, Bolivia, and Peru. Prior to this position, he was Vice President and Chief Financial Officer of GM Latin America, Africa and Middle East since March 2003.

Timothy E. Lee was named GM Vice President & President, International Operations in December 2009. He had been associated with Old GM since 1969. He had been Group Vice President, Global Manufacturing and Labor since October 2009. He was named GM North America Vice President, Manufacturing in January 2006. Mr. Lee became Vice President of Manufacturing of GM Europe, in 2002.

David N. Reilly was named GM Vice President & President, Europe in December 2009. He had been associated with Old GM since 1975. He had been Executive Vice President, GM International Operations since August 2009. He was appointed Group Vice President and President of GM Asia Pacific in July 2006 and had previously been President and Chief Executive Officer of GM Daewoo after leading our transition team in the formation of GM Daewoo beginning in January 2002. Mr. Reilly served as Vice President for Sales, Marketing, and Aftersales of GM Europe beginning in August 2001.

In December 2006 Mr. Reilly was charged with regard to certain alleged violations of South Korean labor laws. The criminal charges are based on the alleged illegal engagement of certain workers employed by an outsourcing agency in production activities at GM Daewoo, in which we own a majority interest. The charges were filed against Mr. Reilly in his capacity as the most senior GM executive in South Korea and the company's Representative Director, who under South Korean law is the most senior member of management of a stock corporation, and is the person typically named as the individual respondent or defendant in any legal action brought against such company. These charges constitute a criminal offense under the laws of South Korea but would not constitute a criminal offense in the United States. Mr. Reilly filed a formal request for trial to defend against the charges and was acquitted on February 19, 2009. This judgment was subsequently overturned on December 23, 2010, and is currently under appeal.

Mark L. Reuss was named GM Vice President & President, North America in December 2009. He had been associated with Old GM since 1983. Before this appointment, he served briefly as Vice President of Engineering. He managed our operations in Australia and New Zealand as the President and Managing Director of GM Holden, Ltd., from February 2008 until July 2009. In October 2005, Reuss was appointed Executive Director of North America vehicle systems and architecture, and the following year, he was named Executive Director of global vehicle integration, safety, and virtual development. In June 2001 he was named Executive Director, Architecture Engineering and GM Performance Division.

Mary T. Barra was named GM Senior Vice President, Global Product Development in February 2011. She had been Vice President, Global Human Resources from July 2009 to December 2010 and associated with Old GM since 1980. Prior to this appointment she had been Vice President, Global Manufacturing Engineering since February 2008. She had been Executive Director, Vehicle Manufacturing Engineering since January 2005, with global responsibility for General Assembly; Controls, Conveyors, Robotics and Welding; Paint and Polymer, and Advanced Vehicle Development Centers; and Industrial Engineering, Global Manufacturing System Implementation, and Pre-Production Operations.

Michael P. Millikin was appointed GM Senior Vice President and General Counsel in February 2011, with overall global responsibility for the legal affairs of GM. He had been Vice President and General Counsel from July 2009 to January 2011 and associated with Old GM since 1977. Mr. Millikin was appointed Assistant General Counsel in June 2001 and became Associate General Counsel in June 2005. He is a member of the Board of Directors of GM Daewoo and the Supervisory Board of Adam Opel GmbH.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Daniel Ammann was named GM Vice President, Finance and Treasurer of General Motors Company in April 2010. Before joining GM, he was Managing Director and Head of Industrial Investment Banking for Morgan Stanley, a position he held since 2004. During his 11 years at Morgan Stanley, he was instrumental in many high profile assignments spanning a variety of technology, service, and manufacturing clients.

Selim Bingol was appointed GM Vice President, Global Communications in March 2010, with overall responsibility for our global communications. Most recently, he served as Senior Vice President and senior partner with Fleishman-Hillard, where he specialized as a senior communications strategist to large international clients across diverse industries. He was Senior Vice President-Corporate Communications at AT&T Corporation from December 2004 until August 2007.

Nicholas S. Cyprus was named GM Vice President, Controller and Chief Accounting Officer in August 2009. He had been associated with Old GM since December 2006, when he became Controller and Chief Accounting Officer. Prior to joining Old GM, he was Senior Vice President, Controller and Chief Accounting Officer for the Interpublic Group of Companies from May 2004 to March 2006. From 1999 to 2004, Mr. Cyprus was Vice President, Controller and Chief Accounting Officer at AT&T Corporation.

Joel Ewanick was named Global Chief Marketing Officer in December 2010 and became GM Vice President in February 2011. Working in close collaboration with the regional presidents, he has responsibility for our brands globally, ensuring consistent representation for all brands. He had served as Vice President U.S. Marketing since joining GM in May, 2010. He previously served as Vice President of Marketing for Hyundai Motor America since February 2007. Prior to Hyundai Mr. Ewanick had been Director of Brand Planning for The Richards Group since June 2004.

Terry S. Kline was named GM Vice President, Information Technology and Chief Information Officer in October 2009. He had been associated with Old GM since December 2000. Previously Mr. Kline was the Global Product Development Process Information Officer and was responsible for coordinating product development process re-engineering activities and the implementation of associated information systems across our business sectors. From December 2004 until December 2007, he served as the Chief Information Officer for GM Asia Pacific.

Segment Reporting Data

Operating segment data and principal geographic area data for the year ended December 31, 2010 (Successor); July 10, 2009 through December 31, 2009 (Successor); January 1, 2009 through July 9, 2009 (Predecessor); and the year ended December 31, 2008 (Predecessor) are summarized in Note 35 to our consolidated financial statements.

Website Access to Our Reports

Our internet website address is www.gm.com.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act) are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

In addition to the information about us and our subsidiaries contained in this Form 10-K, information about us can be found on our website, including information on our corporate governance principals. Our website, and information included in or linked to our website are not part of this 2010 Form 10-K. The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549.

The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information. The address of the SEC's website is www.sec.gov.

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Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 1A. Risk Factors

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below. While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below.

Our business is highly dependent on sales volume. Global vehicle sales have declined significantly from their peak levels, and there is no assurance that the global automobile market will recover in the near future or that it will not suffer a significant further downturn.

Our business and financial results are highly sensitive to sales volume, as demonstrated by the effect of sharp declines in vehicle sales on our and Old GM's business in the U.S. since 2007 and globally since 2008. Vehicle sales in the U.S. have fallen significantly on an annualized basis since their peak in 2007, and sales globally have shown steep declines on an annualized basis since their peak in January 2008. Many of the economic and market conditions that drove the drop in vehicle sales, including declines in real estate values, unemployment, tightened credit markets, depressed consumer confidence and weak housing markets, continue to affect sales. Recent concerns over levels of sovereign indebtedness have contributed to a renewed tightening of credit markets in some of the markets in which we do business. Although vehicle sales began to recover in certain of our markets in the three months ended December 31, 2009 and the recovery has continued through December 31, 2010, the recovery in vehicle sales in certain of our markets, including North America, has been proceeding slowly and there is no assurance that this recovery in vehicle sales will continue or spread across all our markets. Further, sales volumes may again decline severely or take longer to recover than we expect, and if they do, our results of operations and financial condition will be materially adversely affected.

Our ability to change public perception of our company and products is essential to our ability to attract a sufficient number of consumers to consider our vehicles, particularly our new products, which is critical to our ability to achieve long-term profitability.

Our ability to achieve long-term profitability depends on our ability to entice consumers to consider our products when purchasing a new vehicle. The automotive industry, particularly in the U.S., is very competitive, and our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead as is reflected by our loss of market share over the past three years. We believe that this is due, in part, to a negative public perception of our products in relation to those of some of our competitors. Changing this perception, including with respect to the fuel efficiency of our products, as well as the perception of our company in light of Old GM's bankruptcy and our status as a recipient of aid under the Troubled Asset Relief Program (TARP), will be critical to our long-term profitability. If we are unable to change public perception of our company and products, especially our new products, including cars and crossovers, our results of operations and financial condition could be materially adversely affected.

Shortages of and volatility in the price of oil have caused and may have a material adverse effect on our business due to shifts in consumer vehicle demand.

Volatile oil prices in 2008 and 2009 contributed to weaker demand for some of Old GM's and our higher margin vehicles, especially our fullsize sport utility vehicles, as consumer demand shifted to smaller, more fuel-efficient vehicles, which provide lower profit margins and in recent years represented a smaller proportion of Old GM's and our sales volume in North America. Fullsize pick-up trucks, which are generally less fuel efficient than smaller vehicles, represented a higher percentage of Old GM's and our North American sales during 2008 and 2009 compared to the total industry average percentage of fullsize pick-up truck sales in those periods. Demand for traditional sport utility vehicles and vans also declined during the same periods. Any increases in the price of oil in the U.S. or in our other markets or any sustained shortage of oil, including as a result of political instability in the Middle East and African nations, could weaken the demand for such vehicles, which could reduce our market share in affected markets, decrease profitability, and have a material adverse effect on our business.

The pace of introduction and market acceptance of new vehicles is important to our success, and the frequency of new vehicle introductions and vehicle improvements may be materially adversely affected by reductions in capital expenditures.

Our competitors have introduced new and improved vehicle models designed to meet consumer expectations and will continue to do so. Our profit margins, sales volumes, and market shares may decrease if we are unable to produce models that compare favorably

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

to these competing models. If we are unable to produce new and improved vehicle models on a basis competitive with the models introduced by our competitors, including models of smaller vehicles, demand for our vehicles may be materially adversely affected. Further, the pace of our development and introduction of new and improved vehicles depends on our ability to implement successfully improved technological innovations in design, engineering, and manufacturing, which requires extensive capital investment. Any capital expenditure cuts in these areas that were made in the past or that we may determine to implement in the future to reduce costs and conserve cash could reduce our ability to develop and implement improved technological innovations going forward, which may materially reduce demand for our vehicles.

Our future competitiveness and ability to achieve long-term profitability depends on our ability to control our costs, which requires us to successfully implement restructuring initiatives throughout our automotive operations.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, including labor modifications and substantial restructuring initiatives for our European operations. Our future competitiveness depends upon our continued success in implementing these restructuring initiatives throughout our automotive operations, especially in North America and Europe. While some of the elements of cost reduction are within our control, others such as interest rates or return on investments, which influence our expense for pensions, depend more on external factors, and there can be no assurance that such external factors will not materially adversely affect our ability to reduce our structural costs. Reducing costs may prove difficult due to our focus on increasing advertising and our belief that engineering expenses necessary to improve the performance, safety, and customer satisfaction of our vehicles are likely to increase.

Failure of our suppliers, due to difficult economic conditions affecting our industry, to provide us with the systems, components, and parts that we need to manufacture our automotive products and operate our business could result in a disruption in our operations and have a material adverse effect on our business.

We rely on many suppliers to provide us with the systems, components, and parts that we need to manufacture our automotive products and operate our business. In recent years a number of these suppliers have experienced severe financial difficulties and solvency problems, and some have sought relief under the Bankruptcy Code or similar reorganization laws. This trend intensified in 2009 due to the combination of general economic weakness, sharply declining vehicle sales, and tightened credit availability that has affected the automotive industry generally. Suppliers may encounter difficulties in obtaining credit or may receive an opinion from their independent public accountants regarding their financial statements that includes a statement expressing substantial doubt about their ability to continue as a going concern, which could trigger defaults under their financings or other agreements or impede their ability to raise new funds.

When comparable situations have occurred in the past, suppliers have attempted to increase their prices, pass through increased costs, alter payment terms, or seek other relief. In instances where suppliers have not been able to generate sufficient additional revenues or obtain the additional financing they need to continue their operations, either through private sources or government funding, which may not be available, some have been forced to reduce their output, shut down their operations, or file for bankruptcy protection. Such actions would likely increase our costs, create challenges to meeting our quality objectives, and in some cases make it difficult for us to continue production of certain vehicles. To the extent we take steps in such cases to help key suppliers remain in business, our liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.

Increase in cost, disruption of supply, or shortage of raw materials could materially harm our business.

We use various raw materials in our business including steel, non-ferrous metals such as aluminum and copper, and precious metals such as platinum and palladium. The prices for these raw materials fluctuate depending on market conditions. In recent years, freight charges and raw material costs increased. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through increased vehicle prices. Some of these raw materials, such as corrosion-resistant steel, are only available from a limited number of suppliers. We cannot guarantee that we will be able to

Table of Contents

maintain favorable arrangements and relationships with these suppliers. An increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials, which may be caused by a deterioration of our relationships with suppliers or by events such as labor strikes, could negatively affect our net revenues and profitability to a material extent.

We operate in a highly competitive industry that has excess manufacturing capacity and attempts by our competitors to sell more vehicles could have a significant negative effect on our vehicle pricing, market share, and operating results.

The global automotive industry is highly competitive, and overall manufacturing capacity in the industry exceeds demand. Many manufacturers have relatively high fixed labor costs as well as significant limitations on their ability to close facilities and reduce fixed costs. Our competitors may respond to these relatively high fixed costs by attempting to sell more vehicles by adding vehicle enhancements, providing subsidized financing or leasing programs, offering option package discounts or other marketing incentives, or reducing vehicle prices in certain markets. Manufacturers in lower cost countries such as China and India have emerged as competitors in key emerging markets and announced their intention of exporting their products to established markets as a bargain alternative to entry-level automobiles. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share, and operating results, and present a significant risk to our ability to enhance our revenue per vehicle.

Our competitors may be able to benefit from the cost savings offered by industry consolidation or alliances.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. Large OEMs are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and nameplates. If our competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of these economies of scale. We believe that competitors may be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors. Competitors could use consolidation or alliances as a means of enhancing their competitiveness or liquidity position, which could also materially adversely affect our business.

Our business plan and other obligations require substantial liquidity, and inadequate cash flow could materially adversely affect our financial condition and future business operations.

We will require substantial liquidity to support our business plan and meet other funding requirements. We expect total engineering and capital spending of $15.0 billion in 2011 as we continue to refresh and broaden our product portfolio, increase our sales, and develop advanced technologies, with continued substantial expenditures on engineering and capital spending in subsequent years. At December 31, 2010 we have debt maturities and capital lease obligations of $9.9 billion through 2015, which include GM Financial. We also anticipate continued expenditures to implement long-term cost savings and restructuring plans, including our Opel/Vauxhall restructuring plan. In addition to the foregoing liquidity needs, we also have minimum liquidity covenants in our secured revolving credit facility, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a further discussion of these liquidity requirements.

If our liquidity levels approach the minimum liquidity levels necessary to support our normal business operations, we may be forced to raise additional capital on terms that may not be favorable, curtail engineering and capital spending, and reduce research and development and other programs that are important to the future success of our business. A reduction in engineering and capital and research and development spending would negatively affect our ability to meet planned product launches and to refresh our product line-up at the pace contemplated in our business plan. If this were to happen, our future revenue and profitability could be negatively affected.

Although we believe we possess sufficient liquidity to operate our business, our ability to maintain adequate liquidity over the long-term will depend significantly on the volume, mix and quality of our vehicle sales and our ability to minimize operating expenses. Our liquidity needs are sensitive to changes in each of these and other factors.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of our business plan, we have reduced compensation for our most highly paid executives and have reduced the number of our management and non-management salaried employees, and these actions may materially adversely affect our ability to hire and retain salaried employees.

As part of the cost reduction initiatives in our business plan, and pursuant to the direction of the Special Master for TARP Executive Compensation (the Special Master), the form and timing of the compensation for our most highly paid executives is not competitive with that offered by other major corporations. Furthermore, while we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), including the Interim Final Rule implementing Section 111 (the Interim Final Rule), will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) us ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us. The effect of Section 111 of EESA, the Interim Final Rule and the covenants is to restrict the compensation that we can provide to our top executives and prohibit certain types of compensation or benefits for any employees. At the same time, we have substantially decreased the number of salaried employees so that the workload is shared among fewer employees and in general the demands on each salaried employee are increased. Companies in similar situations have experienced significant difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties. Given our compensation structure and increasing job demands, there is no assurance that we will continue to be able to hire and retain the employees whose expertise is required to execute our business plan while at the same time developing and producing vehicles that will stimulate demand for our products.

Our plan to reduce the number of our retail channels and brands and to consolidate our dealer network may reduce our total sales volume and our market share and not result in the cost savings we anticipate.

As part of our business plan we will focus our resources in the U.S. on four brands: Chevrolet, Cadillac, Buick and GMC. We completed the sale of Saab in February 2010 and Saab GB in May 2010, and have completed the wind down of our Pontiac, Saturn and HUMMER brands. We have recently completed the federal arbitration process concerning dealer reinstatement and at December 31, 2010 we have reduced the total number of our U.S. dealerships to 4,500. We anticipate that this reduction in retail outlets, brands, and dealers will result in cost savings over time, but there is no assurance that we will realize all the savings expected. We also anticipate our sales volume and market share will increase over time, but it is also possible that our market share could decline in the short-term and beyond because of these reductions in brands and dealers which may adversely affect our results of operations.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so, and our failure to restructure these operations in a cost-effective and non-disruptive manner could have a material adverse effect on our business and results of operations.

Our business plan contemplates that we restructure our operations in various European countries, and we are actively working to accomplish this. Restructurings, whether or not ultimately successful, can involve significant expense and disruption to the business as well as labor disruptions, which can adversely affect the business. The restructuring of our European operations will require us to invest additional funds and require significant management attention. In September 2010 we committed up to $4.2 billion through an intercompany facility and equity commitments to fund this restructuring and Opel/Vauxhall’s ongoing cash requirements. We cannot assure you that any of our contemplated restructurings will be completed or achieve the desired results, and if we cannot successfully complete such restructurings, we may choose to, or the directors of the relevant entity may be compelled to, or creditors may force us to, seek relief for our various European operations under applicable local bankruptcy, reorganization, insolvency, or similar laws, where we may lose control over the outcome of the restructuring process due to the appointment of a local receiver, trustee, or administrator (or similar official) or otherwise and which could result in a liquidation and us losing all or a substantial part of our interest in the business.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our U.S. defined benefit pension plans are currently underfunded, and our pension funding obligations could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, investment decisions that do not achieve adequate returns, and investment risk inherent in our investment portfolio.

Our future funding obligations for our U.S. defined benefit pension plans qualified with the Internal Revenue Service (IRS) depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies is shown in Note 20 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments. Due to Old GM's contributions to the plans and to the strong performance of these assets during prior periods, the U.S. hourly and salaried pension plans were consistently overfunded from 2005 through 2007, which allowed Old GM to maintain a surplus without making additional contributions to the plans. However, the funded status subsequently deteriorated due to a combination of factors. Adverse equity and credit markets reduced the market value of plan assets, while the present value of pension liabilities rose significantly in response to declines in the discount rate, the effect of separation programs and increases in the level of pension benefits and number of beneficiaries. This increase in beneficiaries was partially due to the inclusion of certain Delphi hourly employees. As a result of these adverse factors, our U.S. defined benefit pension plans were underfunded on a U.S. GAAP basis by $12.4 billion at December 31, 2010.

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. In the U.S., in the year ended December 31, 2010 interest rates on high quality corporate bonds decreased.

The next pension funding valuation to be prepared based on the requirements of the PPA will be as of October 1, 2010. In December 2010 we made a $4.0 billion cash contribution to our U.S. hourly and salaried pension plans and in January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding valuation of the plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion and $1.2 billion in 2015 and 2016. Our potential funding requirements are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Other Long-Term Liabilities."

If the total values of the assets held by our pension plans decline and/or the returns on such assets underperform our return assumptions, our pension expenses would generally increase and could materially adversely affect our financial position. Changes in interest rates that are not offset by contributions, asset returns and/or hedging activities could also increase our obligations under such plans. If local legal authorities increase the minimum funding requirements for our pension plans outside the U.S., we could be required to contribute more funds, which would negatively affect our cash flow. At December 31, 2010 our non-U.S. defined benefit pension plans were underfunded on a U.S. GAAP basis by $9.8 billion.

Due to the complexity and magnitude of our investments, additional risks exist. Examples include significant changes in investment policy, insufficient market capacity to complete a particular investment strategy, and an inherent divergence in objectives between the ability to manage risk in the short term and inability to quickly rebalance illiquid and long-term investments.

If we are unable to meet our required funding obligations for our U.S. pension plans under the terms imposed by regulators at a given point in time, we would need to request a funding waiver from the IRS. If the waiver were granted, we would have the opportunity to make up the missed funding, with interest to the plan. Additional periods of missed funding could further reduce the plans' funded status, resulting in limitations on plan amendments and lump sum payouts from the plans. Continued deterioration in the plans' funded status could result in benefit accrual elimination. These actions could materially adversely affect our relations with our employees and their labor unions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

If adequate financing on acceptable terms is not available through Ally Financial or other sources to our customers and dealers, distributors, and suppliers to enable them to continue their business relationships with us, our business could be materially adversely affected.

Our customers and dealers require financing to purchase a significant percentage of our global vehicle sales. Historically, Ally Financial has provided most of the financing for our and Old GM's dealers and a significant amount of financing for our and Old GM's customers. Due to recent conditions in credit markets, particularly later in 2008, retail customers and dealers experienced severe difficulty in accessing the credit markets. As a result the number of vehicles sold or leased declined rapidly in the second half of 2008, with lease contract volume dropping significantly by the end of 2008. This had a significant adverse effect on Old GM vehicle sales overall because many of its competitors had captive financing subsidiaries that were better capitalized than Ally Financial during 2008 and 2009 and thus were able to offer consumers subsidized financing and leasing offers.

Similarly, the reduced availability of Ally Financial wholesale dealer financing (in the second half of 2008 and 2009), the increased cost of such financing, and the limited availability of other sources of dealer financing due to the general weakness of the credit market has caused and may continue to cause dealers to modify their plans to purchase vehicles from us.

Because of recent modifications to our commercial agreements with Ally Financial, Ally Financial no longer is subject to contractual wholesale funding commitments or retail underwriting targets. In addition, Ally Financial's credit rating has declined in recent years. This may negatively affect its access to funding and therefore its ability to provide adequate financing at competitive rates to our customers and dealers. A number of other factors could negatively affect Ally Financial's business and financial condition and therefore its ability to provide adequate financing at competitive rates. These factors include regulations to which Ally Financial is subject as a result of its bank holding company status, disruptions in Ally Financial's funding sources and access to credit markets, Ally Financial's significant indebtedness, adverse conditions in the residential mortgage market and housing markets that have adversely affected Ally Financial because of its mortgage business, increases or decreases in interest rates, changes in currency exchange rates and fluctuations in valuations of investment securities held by Ally Financial.

Our failure to successfully develop our own captive financing unit, including through GM Financial, could leave us at a disadvantage to our competitors that have their own captive financing subsidiaries and that therefore may be able to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain.

Many of our competitors operate and control their own captive financing subsidiaries. If any of our competitors with captive financing subsidiaries are able to continue to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain, consumers may be more inclined to purchase our competitors' vehicles and our competitors' dealers may be better able to stock our competitors' products.

On October 1, 2010 we completed our acquisition of AmeriCredit, which we subsequently renamed General Motors Financial Company, Inc. through which we offer leasing and sub-prime financing for our customers. Our failure to successfully develop our own captive financing unit, including through GM Financial, could result in our loss of customers to our competitors with their own captive financing subsidiaries and could adversely affect our dealers' ability to stock our vehicles if they are not able to obtain necessary financing at competitive rates from other sources.

We intend to rely on our new captive financing unit, GM Financial, to support additional consumer leasing of our vehicles and additional sales of our vehicles to consumers requiring sub-prime vehicle financing, and GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations and its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles.

GM Financial is subject to various risks that could negatively affect its business, operations and access to capital and therefore its ability to provide leasing and sub-prime financing options at competitive rates to consumers of our vehicles. Because we intend to rely on GM Financial to serve as an additional source of leasing and sub-prime financing options for consumers, any impairment of GM Financial's ability to provide such leasing or sub-prime financing would negatively affect our efforts to expand our market penetration

Table of Contents

among consumers who rely on leasing and sub-prime financing options to acquire new vehicles. The factors that could adversely affect GM Financial's business and operations and impair its ability to provide leasing and sub-prime financing at competitive rates include:

- The availability of borrowings under its credit facilities to finance its loan and lease origination activities pending securitization;
- Its ability to transfer loan receivables to securitization trusts and sell securities in the asset-backed securities market to generate cash proceeds to repay its credit facilities and purchase additional loan receivables;
- The performance of loans in its portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- Its ability to implement its strategy with respect to desired loan origination volume and effective use of credit risk management techniques and servicing strategies;
- Its ability to effectively manage risks relating to sub-prime automobile receivables;
- Wholesale auction values of used vehicles; and
- Fluctuations in interest rates.

The above factors, alone or in combination, could negatively affect GM Financial's business and operations and its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles.

The UST (or its designee) owns a substantial interest in us, and its interests may differ from those of our other stockholders.

The UST owns 32.0% of our outstanding shares of common stock as of February 15, 2011. As a result of this stock ownership interest, the UST has the ability to exert significant influence, through its power to vote for the election of our directors, over various matters. To the extent the UST elects to exert such significant influence over us, its interests (as a government entity) may differ from those of our other stockholders and it may influence, through its ability to vote for the election of our directors, matters including:

- The selection, tenure and compensation of our management;
- Our business strategy and product offerings;
- Our relationship with our employees, unions and other constituencies; and
- Our financing activities, including the issuance of debt and equity securities.

In particular, the UST may have a greater interest in promoting U.S. economic growth and jobs than other stockholders of the Company. For example, while we have repaid in full our indebtedness under the UST Credit Agreement, a covenant that continues to apply until the earlier of December 31, 2014 or the UST has been paid in full the total amount of all UST invested capital requires that we use our commercially reasonable best efforts to ensure, subject to exceptions, that our manufacturing volume in the United States is consistent with specified benchmarks.

In the future we may also become subject to new and additional laws and government regulations regarding various aspects of our business as a result of participation in the TARP program and the U.S. government's ownership in our business. These regulations could make it more difficult for us to compete with other companies that are not subject to similar regulations.

Our secured revolving credit facility as well as the UST Credit Agreement and the Canadian Loan Agreement contain significant covenants that may restrict our ability and the ability of our subsidiaries to take actions management believes are important to our long-term strategy.

Our secured revolving credit facility contains representations, warranties and covenants customary for facilities of its nature, including negative covenants restricting us from incurring liens, consummating mergers or sales of assets and incurring secured

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

indebtedness, and restricting us from making certain payments, in each case, subject to exceptions and limitations. Availability under the secured revolving credit facility is subject to borrowing base limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) us ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us. The effect of Section 111 of EESA, the Interim Final Rule and the covenants is to restrict the compensation that we can provide to our top executives and prohibit certain types of compensation or benefits for any employees. Similarly, covenants in our wholly-owned subsidiary GMCL's Canadian Loan Agreement with the EDC limit compensation and benefits for Canadian employees.

The UST Credit Agreement contains a covenant requiring us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is consistent with good business judgment and the intent of the commitment. This covenant survives our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, the Series A Preferred Stock redemption and proceeds from the sale of common stock. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants. Compliance with the manufacturing volume covenant could require us to increase production volumes in our U.S. plants, shift production from low-cost locations to the U.S. or refrain from shifting production from U.S. plants to low-cost locations.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement (NAFTA) region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), there is an undertaking that the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Compliance with the covenants contained in our secured revolving credit facility as well as the surviving provisions of the UST Credit Agreement and the Canadian Loan Agreement could restrict our ability to take actions that management believes are important to our

Table of Contents

long-term strategy. If strategic transactions we wish to undertake are prohibited, our ability to execute our long-term strategy could be materially adversely affected. Furthermore, monitoring and certifying our compliance with the surviving provisions of the UST Credit Agreement and the Canadian Loan Agreement requires a high level of expense and management attention on a continuing basis.

Our planned investment in new technology in the future is significant and may not be funded at anticipated levels and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition, we plan to invest heavily in alternative fuel and advanced propulsion technologies between 2011 and 2012, largely to support our planned expansion of hybrid and electric vehicles, consistent with our announced objective of being recognized as the industry leader in fuel efficiency. Moreover, if our future operations do not provide us with the liquidity we anticipate, we may be forced to reduce, delay, or cancel our planned investments in new technology.

In some cases the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. For example, in November 2010 we began producing the Chevrolet Volt, an electric car, which requires battery technology that has not yet proven to be commercially viable. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate, or that we will be able to establish our right to these technologies. However, our competitors and others are pursuing similar technologies and other competing technologies, in some cases with more money available, and there can be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements and reduced greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business.

We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the related costs and changes to our product lineup, will increase significantly in the future. In the U.S. and Europe, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy, and energy security. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs, including civil penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

CAFE provisions in the EISA mandate fuel economy standards beginning in the 2011 model year that would increase to at least 35 mpg by 2020 on a combined car and truck fleet basis, a 40% increase over current levels. California is implementing AB 1493 which will require increased fuel economy. This California program has standards currently established for the 2009 model year through the 2016 model year. Fourteen additional states and the Province of Quebec have also adopted the California greenhouse gas standards.

In May 2009 President Obama announced his intention for the federal government to implement a harmonized federal program to regulate fuel economy and greenhouse gases. He directed the EPA and the United States Department of Transportation (DOT) to work together to create standards through a joint rulemaking for control of emissions of greenhouse gases and for fuel economy. In the first phase, these standards would apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles built in model years 2012 through 2016. CARB has agreed that compliance with EPA's greenhouse gas standards will be deemed compliance with the California greenhouse gas standards for the 2012 through 2016 model years. The EPA and the NHTSA, on behalf of DOT, issued their final rule to implement this new federal program in April 2010. We have committed to work with EPA, the NHTSA, the states, and other stakeholders in support of a strong national program to reduce oil consumption and address global climate change.

We are committed to meeting or exceeding these regulatory requirements, and our product plan of record projects compliance with the anticipated federal program through the 2016 model year. We expect that to comply with these standards we will be required to

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

sell a significant volume of hybrid or electrically powered vehicles throughout the U.S., as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies on a profitable basis, or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

The EU passed legislation, effective in April 2009 to begin regulating vehicle CO_2 emissions beginning in 2012. The legislation sets a target of a fleet average of 95 grams per kilometer for 2020, with the requirements for each manufacturer based on the weight of the vehicles it sells. Additional measures have been proposed or adopted in Europe to regulate features such as tire rolling resistance, vehicle air conditioners, tire pressure monitors, gear shift indicators, and others. At the national level, 17 EU Member States have adopted some form of fuel consumption or carbon dioxide-based vehicle taxation system, which could result in specific market requirements for us to introduce technology earlier than is required for compliance with the EU emissions standards.

Other governments around the world, such as Canada, South Korea, and China are also creating new policies to address these same issues. As in the U.S., these government policies could significantly affect our plans for product development. Due to these regulations, we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. The regulations will result in substantial costs, which could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs, and loss of revenue.

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit.

Many of our operations, particularly in emerging markets, are carried on by joint ventures such as SGM. In joint ventures, we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources as we do. Joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be materially adversely affected. The benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures.

Our business in China is subject to aggressive competition and is sensitive to economic and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition, our business in China is sensitive to economic and market conditions that drive sales volume in China. If we are unable to maintain our position in the Chinese market or if vehicle sales in China decrease or do not continue to increase, our business and financial results could be materially adversely affected.

Restrictions in our labor agreements could limit our ability to pursue or achieve cost savings through restructuring initiatives, and labor strikes, work stoppages, or similar difficulties could significantly disrupt our operations.

Substantially all of the hourly employees in our U.S., Canadian, and European automotive operations are represented by labor unions and are covered by collective bargaining agreements, which usually have a multi-year duration. Many of these agreements include provisions that limit our ability to realize cost savings from restructuring initiatives such as plant closings and reductions in workforce. Our current collective bargaining agreement with the UAW will expire in September 2011, and while the UAW has agreed to a commitment not to strike prior to 2015, any UAW strikes, threats of strikes, or other resistance in the future could materially adversely affect our business as well as impair our ability to implement further measures to reduce costs and improve production

Table of Contents

efficiencies in furtherance of our North American initiatives. A lengthy strike by the UAW that involves all or a significant portion of our manufacturing facilities in the United States would have a material adverse effect on our operations and financial condition, particularly our liquidity.

Despite the formation of our new company, we continue to have indebtedness and other obligations. Our obligations together with our cash needs may require us to seek additional financing, minimize capital expenditures, or seek to refinance some or all of our debt.

Despite the formation of our new company, we continue to have indebtedness and other obligations, including significant liabilities to our underfunded defined benefit pension plans. Our current and future indebtedness and other obligations could have several important consequences. For example, they could:

- Require us to dedicate a larger portion of our cash flow from operations than we currently do to the payment of principal and interest on our indebtedness and other obligations, which will reduce the funds available for other purposes such as product development;
- Make it more difficult for us to satisfy our obligations;
- Make us more vulnerable to adverse economic and industry conditions and adverse developments in our business;
- Limit our ability to withstand competitive pressures;
- Limit our ability to fund working capital, capital expenditures, and other general corporate purposes; and
- Reduce our flexibility in responding to changing business and economic conditions.

Future liquidity needs may require us to seek additional financing or minimize capital expenditures. There is no assurance that either of these alternatives would be available to us on satisfactory terms or on terms that would not require us to renegotiate the terms and conditions of our existing debt agreements.

Our failure to comply with the covenants in the agreements governing our present and future indebtedness could materially adversely affect our financial condition and liquidity.

Several of the agreements governing our indebtedness, including our secured revolving credit facility and other loan facility agreements, contain covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. In the past, we have failed to meet certain of these covenants, including by failing to provide financial statements in a timely manner and failing certain financial tests. The Chapter 11 Proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we had assumed the obligations. A breach of any of the covenants in the agreements governing our indebtedness, if uncured, could lead to an event of default under any such agreements, which in some circumstances could give the lender the right to demand that we accelerate repayment of amounts due under the agreement. Therefore, in the event of any such breach, we may need to seek covenant waivers or amendments from the lenders or to seek alternative or additional sources of financing, and we cannot assure you that we would be able to obtain any such waivers or amendments or alternative or additional financing on acceptable terms, if at all. Refer to Note 19 to our consolidated financial statements for additional information on technical defaults and covenant violations. Any covenant breach or event of default could harm our credit rating and our ability to obtain additional financing on acceptable terms. The occurrence of any of these events could have a material adverse effect on our financial condition and liquidity.

The ability of our new executive management team to quickly learn the automotive industry and lead our company will be critical to our ability to succeed, and our business and results of operations could be materially adversely affected if they are unsuccessful.

We have substantially changed our executive management team in the recent past. We have a new Chief Executive Officer who started on September 1, 2010 and a new Chief Financial Officer who started on January 1, 2010, both of whom have no prior outside

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

automotive industry experience. We have also promoted from within GM many new senior officers. It is important to our success that the new members of the executive management team quickly understand the automotive industry and that our senior officers quickly adapt and excel in their new senior management roles. If they are unable to do so, and as a result are unable to provide effective guidance and leadership, our business and financial results could be materially adversely affected.

We could be materially adversely affected by changes or imbalances in foreign currency exchange and other rates.

Given the nature and global spread of our business, we have significant exposures to risks related to changes in foreign currency exchange rates, commodity prices, and interest rates, which can have material adverse effects on our business. For example, at times certain of our competitors have derived competitive advantage from relative weakness of the Japanese Yen through pricing advantages for vehicles and parts imported from Japan to markets with more robust currencies like the U.S. and Western Europe. Similarly, a significant strengthening of the Korean Won relative to the U.S. dollar or the Euro would affect the competitiveness of our Korean operations as well as that of certain Korean competitors. As yet another example, a relative weakness of the British Pound compared to the Euro has an adverse effect on our results of operations in Europe. In preparing the consolidated financial statements, we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result, foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operations.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business.

The majority of our vehicle sales are generated outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic, and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- Economic downturns in foreign countries or geographic regions where we have significant operations, such as China;
- Economic tensions between governments and changes in international trade and investment policies, including imposing restrictions on the repatriation of dividends, especially between the United States and China;
- Foreign regulations restricting our ability to sell our products in those countries;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions, and safety;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;
- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect our business.

New laws, regulations, or policies of governmental organizations regarding safety standards, or changes in existing ones, may have a significant negative effect on how we do business.

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing, and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

Table of Contents

The costs and effect on our reputation of product recalls could materially adversely affect our business.

From time to time, we recall our products to address performance, compliance, or safety-related issues. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. In addition, product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above.

The sale or availability for sale of substantial amounts of our common stock could cause our common stock price to decline or impair our ability to raise capital.

Sales of a substantial number of shares of our common stock in the public market, or the perception that large sales could occur, or the conversion of shares of our Series B Preferred Stock or the perception that conversion could occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of equity and equity-related securities. At February 15, 2011 there are 1,560,743,059 shares of common stock issued and outstanding. At February 15, 2011 MLC holds a warrant to acquire 136,363,636 shares of our common stock at an exercise price of $10.00 per share, MLC holds another warrant to acquire 136,363,636 shares of our common stock at an exercise price of $18.33 per share, and the UAW Retiree Medical Benefits Trust (New VEBA) holds a warrant to acquire 45,454,545 shares of our common stock at an exercise price of $42.31 per share. Up to 151,520,000 shares of common stock, subject to anti-dilution, make-whole and other adjustments, will be issuable upon conversion of the shares of Series B Preferred Stock outstanding at February 15, 2011.

Of the 1,560,743,059 outstanding shares of common stock at February 15, 2011, the 549,700,000 shares of common stock sold in the November and December 2010 public offering are freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the Securities Act), unless those shares are held by any of our “affiliates,” as that term is defined under Rule 144 of the Securities Act. Following the expiration of the applicable lock-up periods on May 13, 2011, the 950,300,000 outstanding shares of common stock held by the UST, Canada Holdings, the New VEBA and MLC at February 15, 2011 may be eligible for resale under Rule 144 under the Securities Act subject to applicable restrictions under Rule 144. In addition, pursuant to the October 15, 2009 Equity Registration Rights Agreement we entered into with the UST, Canada Holdings, the New VEBA, MLC, and our previous legal entity prior to our October 2009 holding company reorganization (which is now a wholly-owned subsidiary of the Company) (Equity Registration Rights Agreement), we have granted each of the UST, Canada Holdings, the New VEBA and MLC the right to require us in certain circumstances to file registration statements under the Securities Act covering additional resales of our common stock and other equity securities (including the warrants) held by them and the right to participate in other registered offerings in certain circumstances. As restrictions on resale end or if these stockholders exercise their registration rights or otherwise sell their shares, the market price of our common stock could decline.

In particular, the UST, Canada Holdings, the New VEBA and MLC might sell a large number of the shares of our common stock and warrants to acquire our common stock that they hold, or, in the case of the New VEBA and MLC, exercise their warrants and then sell the underlying shares of our common stock. Further, MLC might distribute shares of our common stock and warrants to acquire our common stock that it holds to its numerous creditors and other stakeholders pursuant to a plan of reorganization confirmed by the Bankruptcy Court in the Chapter 11 Proceedings, and those creditors and other stakeholders might resell those shares and warrants. Such sales or distributions of a substantial number of shares of our common stock or warrants could adversely affect the market price of our common stock.

Furthermore, on January 13, 2011 we contributed 60,606,061 shares of our common stock to our U.S. hourly and salaried pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011. In connection with such contribution, we entered into a Registration Rights Agreement dated January 13, 2011 with sub-trusts established under the U.S. hourly and salaried pension plans (Pension Plan Registration Rights Agreement), whereby we granted the pension plans the right to require us in certain circumstances

Table of Contents

to file registration statements under the Securities Act covering additional resales of those shares of our common stock held by them and the right to participate in other registered offerings in certain circumstances. If the pension plans exercise their registration rights or otherwise sell their shares, the market price of our common stock could decline.

We have no current plans to pay dividends on our common stock, and our ability to pay dividends on our common stock may be limited.

We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors. So long as any share of our Series A Preferred Stock or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. In addition, our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions such as dividends payable solely in shares of our common stock.

Any indentures and other financing agreements that we enter into in the future may limit our ability to pay cash dividends on our capital stock, including our common stock. In the event that any of our indentures or other financing agreements in the future restricts our ability to pay dividends in cash on our common stock, we may be unable to pay dividends in cash on our common stock unless we can refinance the amounts outstanding under those agreements.

In addition, under Delaware law, our Board of Directors may declare dividends on our capital stock only to the extent of our statutory "surplus" (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on our common stock, we may not have sufficient cash to pay dividends in cash on our common stock.

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Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

Excluding our automotive financing operations, at December 31, 2010 we had 106 locations in 25 states and 89 cities or towns in the United States excluding dealerships. Of these locations, 40 are manufacturing facilities, of which 11 are engaged in the final assembly of our cars and trucks and other manufacture automotive components and power products. Of the remaining locations, 24 are service parts operations primarily responsible for distribution and warehouse functions, and the remainder are offices or facilities primarily involved in engineering and testing vehicles. Leased properties are primarily composed of warehouses and administration, engineering and sales offices. The leases for warehouses generally provide for an initial period of five to 10 years, based upon prevailing market conditions and may contain renewal options. Leases for administrative offices are generally for shorter periods.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We have 17 locations in Canada, and assembly, manufacturing, distribution, office or warehousing operations in 61 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. Leases for warehouses outside the United States have remaining lease terms ranging from one to 12 years, many of which contain options to extend or terminate the lease. The major facilities outside the United States and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

- Argentina
- Australia
- Belgium
- Brazil
- China
- Colombia
- Ecuador
- Egypt
- Germany
- India
- Kenya
- Mexico
- Poland
- Russia
- South Africa
- South Korea
- Spain
- Thailand
- United Kingdom
- Uzbekistan
- Venezuela
- Vietnam

We, our subsidiaries, or associated companies in which we own an equity interest, own most of the above facilities.

GM Financial's automotive financing and leasing operations lease facilities for administration and regional credit centers. GM Financial has 21 facilities located in the United States and two facilities located in Canada. GM Financial also owns a servicing facility, which is located in the United States and included in total facilities located in the United States.

Our properties include facilities which, in our opinion, are suitable and adequate for the manufacture, assembly and distribution of our products.

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Item 3. Legal Proceedings

The following section summarizes material pending legal proceedings to which the Company is a party, other than ordinary routine litigation incidental to the business. We and the other defendants affiliated with us intend to defend all of the following actions vigorously.

Canadian Export Antitrust Class Actions

Approximately 80 purported class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001, have been filed in various state and federal courts against General Motors Corporation, GMCL, Ford Motor Company, Chrysler, LLC, Toyota Motor Corporation, Honda Motor Co., Ltd., Nissan Motor Company, Limited, and Bavarian Motor Works and their Canadian affiliates, the National Automobile Dealers Association, and the Canadian Automobile Dealers Association. The nearly identical complaints alleged that the defendant manufacturers, aided by the association defendants, conspired among themselves and with their dealers to prevent the sale to U.S. citizens of vehicles produced for the Canadian market and sold by dealers in Canada. The complaints alleged that new vehicle prices in Canada are 10% to 30% lower than those in the United States, and that preventing the sale of these vehicles to U.S. citizens resulted in the payment of higher than competitive prices by U.S. consumers. The complaints, as amended, sought injunctive relief under U.S. antitrust law and treble damages under U.S. and state antitrust laws, but did not specify damages. The complaints further alleged unjust enrichment and violations of state unfair trade practices act. The federal court actions were consolidated for coordinated pretrial proceedings under the caption *In re New Market Vehicle Canadian Export Antitrust Litigation Cases* in the U.S. District Court for the District of Maine, and the more than 30 California cases have been consolidated in the California Superior Court in San Francisco County under the case captions *Belch v. Toyota Corporation, et al.* and *Bell v. General Motors Corporation.* Old GM's potential liability in these matters was not assumed by General Motors Company as part of the 363 Sale, but GMCL remains subject to suit in all matters.

On March 5, 2004, the U.S. District Court for the District of Maine issued a decision holding that the purported indirect purchaser classes failed to state a claim for damages under federal antitrust law but allowed a separate claim seeking to enjoin future alleged violations to continue. The U.S. District Court for the District of Maine on March 10, 2006 certified a nationwide class of buyers and

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

lessees under Federal Rule 23(b)(2) solely for injunctive relief, and on March 21, 2007 stated that it would certify 20 separate statewide class actions for damages under various state law theories under Federal Rule 23(b)(3), covering the period from January 1, 2001 to April 30, 2003. On March 28, 2008, the U.S. Court of Appeals for the First Circuit reversed the certification of the injunctive class and ordered dismissal of the injunctive claim and remanded to the U.S. District Court for the District of Maine for determination of several issues concerning federal jurisdiction and, if such jurisdiction still exists, for reconsideration of that class certification on a more complete record. On July 2, 2009, the district court granted granted summary judgment to defendants. Plaintiffs did not appeal. As a result, the federal actions are concluded with respect to us.

In the California state court cases, the court certified a state-wide class after a class certification hearing on April 21, 2009. Defendants' appeal to the appropriate appellate court was denied. Defendants filed other substantive motions for summary judgment, some of which were heard in January 2011 and others of which will be heard in March 2011 and at later dates. As a result, the Honda and Nissan entities have been dismissed. The disposition of GMCL's motion for summary judgment remains undecided. In the Minnesota state court cases, the court granted summary judgment in the defendants' favor on September 16, 2010. Plaintiffs did not appeal. A similar motion for summary judgment is under consideration by the court in the Arizona state court cases.

American Export Antitrust Class Actions

On September 25, 2007, a claim was filed in the Ontario Superior Court of Justice against GMCL and Old GM on behalf of a purported class of actual and intended purchasers of vehicles in Canada claiming that a similar alleged conspiracy was now preventing lower-cost U.S. vehicles from being sold to Canadians. The plaintiffs have delivered their certification materials. An order staying claims against MLC was granted in November 2009. In December 2010 the plaintiffs/class counsel advised that they intend to file further evidence from class members. The court has allowed the plaintiffs to file additional evidence by January 31, 2011. The plaintiffs filed additional affidavit materials, and GMCL is in the process of reviewing these affidavits. A decision has not yet been made as to whether or not to cross-examine the affiants. The date for delivery of GMCL's responding material is March 21, 2011. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Canadian Dealer Class Action

On January 21, 2010, a claim was filed in the Ontario Superior Court of Justice against GMCL for damages on behalf of a purported class of 215 Canadian General Motors dealers which entered into wind-down agreements with GMCL in May 2009. GMCL offered the plaintiff dealers the wind-down agreements to assist the plaintiffs' exit from the GMCL Canadian dealer network upon the expiration of their GM Dealer Sales and Service Agreements (DSSAs) on October 31, 2010, and to assist the plaintiffs in winding down their dealer operations in an orderly fashion. The plaintiff dealers allege that the DSSAs have been wrongly terminated by GMCL and that GMCL failed to comply with franchise disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the dealers' statutory right to associate in an attempt to coerce the class member dealers into accepting the wind-down agreements. The plaintiff dealers claim that the wind-down agreements are void. GMCL is vigorously defending the claims. A certification hearing was held in December 2010, and the decision on class certification was reserved. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

OnStar Analog Equipment Litigation

Our wholly-owned subsidiary OnStar Corporation (OnStar) is a party to more than 20 putative class actions filed in various states, including Michigan, Ohio, New Jersey, Pennsylvania and California. All of these cases have been consolidated for pretrial purposes in a multi-district proceeding under the caption *In re OnStar Contract Litigation* in the U.S. District Court for the Eastern District of Michigan. The litigation arises out of the discontinuation by OnStar of services to vehicles equipped with analog hardware. OnStar was unable to provide services to such vehicles because the cellular carriers which provide communication service to OnStar terminated analog service beginning in February 2008. In the various cases, the plaintiffs are seeking certification of nationwide or statewide classes of owners of vehicles currently equipped with analog equipment, alleging various breaches of contract,

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

misrepresentation and unfair trade practices. No determination has been made as to whether class certification motions are appropriate, and it is not possible at this time to determine whether class certification or liability is probable as to OnStar or to reasonably ascertain the amount of any liability. On August 2, 2010 plaintiffs filed a motion seeking to add General Motors LLC, our subsidiary, as an additional defendant, which was denied by the court in an opinion dated January 25, 2011.

Patent Infringement Litigation

On July 10, 2009, *Kruse Technology Partnership v. General Motors Company* was filed in the U.S. District Court for the Central District of California. In *Kruse*, the plaintiff alleged that we infringed three U.S. patents related to "Internal Combustion Engine with Limited Temperature Cycle" by making and selling diesel engines. The plaintiff did not make a claim specifying damages in this case. However, in a similar case filed against Old GM in December 2008, plaintiff asserted that its royalty damages would be significantly more than $100 million. In April 2009, the plaintiff filed a separate patent infringement action against DMAX, Inc., (DMAX) then a joint venture between Isuzu Diesel Services of America, Inc. and Old GM, and which is now a joint venture between Isuzu Diesel Services of America, Inc. and General Motors LLC. DMAX manufactures and assembles mechanical and other components of Duramax diesel engines for sale to us. The plaintiff asserted that its royalty damages claim against DMAX, Inc. would exceed $100 million and requested an injunction in both the case against DMAX and the case against General Motors LLC. The case was settled and an order dismissing the case was entered on November 5, 2010. The separate lawsuit against DMAX has also been dismissed.

Unintended Acceleration Class Actions

We were named as a co-defendant in two of the many class action lawsuits brought against Toyota arising from Toyota's recall of certain vehicles related to reports of unintended acceleration. The two cases are *Nimishabahen Patel v. Toyota Motors North America, Inc. et al.* (filed in the United States District Court for the District of Connecticut on February 9, 2010) *and Darshak Shah v. Toyota Motors North America, Inc. et al.* (filed in the United States District court for the District of Massachusetts on or about February 16, 2010). The 2009 and 2010 model year Pontiac Vibe, which was manufactured by a joint venture between Toyota and Old GM, included components that were common with those addressed by the Toyota recall and were accordingly the subject of a parallel recall by us. Each case makes allegations regarding Toyota's conduct related to the condition addressed by the recall and asserts breaches of implied and express warranty, unjust enrichment and violation of consumer protection statutes and seeks actual damages, multiple damages, attorneys fees, costs and injunctive relief on behalf of classes of vehicle owners which include owners of 2009 and 2010 model year Pontiac Vibes. The cases were consolidated in the multi-district proceeding pending in the Central District of California created to administer all cases in the Federal court system addressing Toyota unintended acceleration issues. We believe that, with respect to the overwhelming majority of Pontiac vehicles addressed by the two cases, the claims asserted are barred by the Sale Approval Order entered by the United States Bankruptcy Court for the Southern District of New York on July 5, 2009. On August 2, 2010, a consolidated complaint was filed in the multi-district proceeding and we were omitted from the list of named defendants. It now appears that the claims asserted will not be further pursued against us and, absent future developments, we will discontinue reporting on this matter.

UAW VEBA Contribution Claim

On April 6, 2010, the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute $450 million to the New VEBA. The UAW alleges that we were required to make this contribution pursuant to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring dated June 22, 2007. We have filed a motion in the United States Bankruptcy Court for the Southern District of New York asserting that the UAW's claim is barred by the bankruptcy court approved 2009 UAW Retiree Settlement Agreement and by other orders issued by the bankruptcy court that preclude additional GM contributions to the New VEBA. We also maintain that Delphi's emergence from bankruptcy was not in the nature contemplated by the restructuring agreement and therefore, that condition to any payment remains unfulfilled. We removed this case to the U.S. Bankruptcy Court in October 2010, seeking dismissal of the UAW's U.S. District Court lawsuit. The UAW has contested whether the Bankruptcy Court has jurisdiction and on November 3, 2010, the U.S. District Court issued a stay of further proceedings until the issue of Bankruptcy Court jurisdiction is decided.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

AmeriCredit Transaction Claims

On July 27, 2010 *Robert Hatfield, Derivatively on behalf of AmeriCredit Corp v Clifton Morris, Jr. et al.*was filed in the district court for Tarrant County, Texas. General Motors Holdings, LLC and General Motors Company (the GM Entities) are two of the named defendants. Among other allegations, the complaint alleges that the individual defendants breached their fiduciary duty with regard to the proposed transaction between AmeriCredit and GM. The GM Entities are accused of aiding and abetting the alleged breach of fiduciary duty by the individual defendants (officers and directors of AmeriCredit). Among other relief, the complaint sought to enjoin the transaction from closing; however, no motion for an injunction was filed.

On July 28, 2010 *Labourers Pension Fund of Eastern and Central Canada, on behalf of itself and all others similarly situated v. AmeriCredit Corp, et al*. was filed in the district court for Tarrant County, Texas. General Motors Company is one of the named defendants. The plaintiff sought class action status and alleged that AmeriCredit and the individual defendants (officers and directors of AmeriCredit) breached their fiduciary duties in negotiating and approving the proposed transaction between AmeriCredit and GM, and that GM aided and abetted the alleged breach of fiduciary duty. Among other relief, the complaint sought to enjoin both the transaction from closing as well as a shareholder vote on the proposed transaction; however, no motion for an injunction was filed. On January 4, 2011, plaintiffs filed a notice of nonsuit, dismissing its claims without prejudice.

On or about August 6, 2010, *Carla Butler, Derivatively on behalf of AmeriCredit Corp v. Clifton Morris, Jr. et al.* was filed in the district court for Tarrant County, Texas. General Motors Holdings, LLC and General Motors Company are among the named defendants. Like the previously filed *Hatfield* litigation related to the proposed AmeriCredit acquisition, the complaint initiating this case alleges that individual officers and directors of AmeriCredit breached their fiduciary duties to AmeriCredit shareholders. The GM Entities are accused of breaching a fiduciary duty and aiding and abetting the individual defendants in usurping a corporate opportunity. Among other relief, the complaint seeks to rescind the AmeriCredit transaction and sought to enjoin its consummation and also to award plaintiff costs and disbursements including attorneys' and expert fees; however, no motion for an injunction was filed.

On September 1, 2010, *Douglas Mogle, on behalf of himself and all others similarly situated v. AmeriCredit Corp., et al.* was filed in the district court for Tarrant County, Texas. General Motors Company is among the named defendants. This complaint is similar to the *Labourers Pension Fund* complaint discussed above. On November 17, 2010, plaintiffs filed a notice of nonsuit, dismissing its claims without prejudice.

The *Hatfield* and *Butler* cases have been consolidated, and the plaintiffs have filed an amended consolidated complaint to include a claim for money damages. It is not possible to determine the likelihood of success or reasonably ascertain the amount of any damages, attorneys' fees or costs that may be awarded.

Korean Labor Litigation

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. GM Daewoo may receive additional claims by hourly employees in the future. Similar cases have been brought against other large employers in the Republic of Korea. This case is in its earliest stages and the scope of claims asserted may change. However, based on a preliminary analysis of the claims currently asserted, the allegations of plaintiffs if accepted in their entirety represent a claim of approximately 517 billion Korean Won, which is approximately $454 million.

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Item 4. Removed and Reserved

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Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Shares of our common stock have only been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result our table below only provides data with respect to the fourth quarter for our common stock.

Quarterly price ranges of our common stock on the New York Stock Exchange, the principal market in which the stock is traded are as follows:

	Year Ended December 31, 2010	
	High (a)	Low (a)
Quarter		
First	N/A	N/A
Second	N/A	N/A
Third	N/A	N/A
Fourth	$36.98	$33.07

(a) The quarterly price ranges for our common stock are based on high and low prices from intraday trades.

Holders

As of February 15, 2011 we had a total of 1.6 billion issued and outstanding shares of common stock and a total of 318 million shares of common stock for which warrants are initially exercisable by two warrant holders of record. As of February 15, 2011 there were 185 holders of record of our common stock.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our new secured revolving credit facility, and other factors.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Compensation Plan Information

The table below contains information about securities authorized for issuance under equity compensation plans. The features of these plans are discussed further in Note 31 to our consolidated financial statements (number of securities in millions).

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (a)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (b)
Equity compensation plans approved by security holders			
General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan (c)	17	$ —	58

(a) The awards under the General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan are restricted stock units. The restricted stock units do not have an exercise price, and the awards will be payable in cash if settled prior to May 17, 2011, which is six months subsequent to our public offering. In limited situations certain executives could continue to settle their awards in cash due to tax considerations of select countries.

(b) Excludes securities reflected in the first column, “Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights.”

(c) At December 31, 2010 all of our equity compensation plans were approved by security holders.

Repurchases of Securities

None of our issued common stock has been reacquired since its initial issuance on July 10, 2009.

Recent Sales of Unregistered Securities

Sales of Unregistered Securities

On December 31, 2010, we awarded an aggregate of 238 thousand Restricted Stock Units (RSUs) to global executives pursuant to our Salary Stock Plan (GMSSP) and 223 thousand shares, of which 137 thousand shares are outstanding as of December 31, 2010, of Restricted Stock to global executives pursuant to our 2009 Long-Term Incentive Plan. The difference between the 223 thousand shares awarded and the 137 thousand shares outstanding was used to satisfy tax obligations relating to the awards. Each RSU under the GMSSP is the economic equivalent of one share of our common stock. The RSUs do not have an expiration or exercise date or carry a conversion or exercise price. The awards will be settled in twelve equal, quarterly installments beginning on December 31, 2011. Each RSU is fully vested and presents the right to receive one share of our common stock on the applicable settlement date. Under the GMSSP, the fair value of our common stock is the average of the high and low trading prices for our common stock as reported on the New York Stock Exchange, on which our common stock is listed, on the date of the transaction. The shares of Restricted Stock were fully vested upon grant but are subject to restrictions on transfer until December 31, 2013. The securities described in this paragraph were issued pursuant to written compensatory plans or arrangements with our employees in reliance on the exemption provided by Section 4(2) of the Securities Act.

Contribution of Common Stock to U.S. Hourly and Salaried Pension Plans

On January 13, 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. There were 41 million shares (valued at $1.5

Table of Contents

billion) contributed to the hourly pension plan and 20 million shares (valued at $0.7 billion) to the salaried pension plan. This was a voluntary contribution above our required minimum funding of the pension plans. However, we expect that the contribution will improve the funded status of the pension plans and therefore improve our risk profile. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. The common stock was issued and contributed to the pension plan in an unregistered transaction in accordance with an exemption under Section 4(2) of the Securities Act.

Use of Proceeds

In the three months ended December 31, 2010 we completed a public offering of 550 million shares of our common stock at a price of $33.00 per share, or $18.1 billion, which shares of common stock were offered by the UST, Canada Holdings and the New VEBA, and 100 million shares of Series B Preferred Stock at a price of $50.00 per share, or $5.0 billion, which shares of Series B Preferred Stock were offered by us. The following table sets forth the amounts registered and sold by each selling stockholder, the aggregate offering price of the sales, underwriters discounts and net proceeds before expenses to the selling stockholders.

Selling Stockholder	Total Shares Sold	Aggregate Offering Price	Underwriters' Discounts	Net Proceeds After Underwriters' Discounts
UST	412,328,814	$13,606,850,862	$102,051,381	$13,504,799,481
Canada Holdings	35,021,186	$ 1,155,699,138	$ 8,667,744	$ 1,147,031,394
New VEBA	102,350,000	$ 3,377,550,000	$ 25,331,625	$ 3,352,218,375

We registered and sold 100 million shares of Series B Preferred stock for an aggregate offering price of $5.0 billion which, after underwriters' discounts of $138 million resulted in net proceeds to us of $4.9 billion. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into a minimum of 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The conversion ratios for option and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. This offering was effected on November 17, 2010 pursuant to a Registration Statement on Form S-1 (File No. 333-168919), which the SEC declared effective on such date. Morgan Stanley & Co. Incorporated and J.P. Morgan Securities LLC acted as representatives of the several underwriters in the offering. We did not receive any of the proceeds from the sale of common stock, and we received net proceeds from the Series B Preferred Stock offering of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and make a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

We estimate that our expenses for the offerings, excluding underwriting discounts and commissions in connection with the sale of Series B Preferred Stock were $25.0 million, which does not reflect the agreement by the underwriters to reimburse us for a portion of our legal and road show costs and expenses in connection with the offering, up to a maximum aggregate amount of $3.0 million. No offering expenses were paid directly or indirectly by us to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates.

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Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. Selected Financial Data
(Dollars in millions except per share amounts)

	Successor		Predecessor			
				Years Ended December 31,		
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)(b)	January 1, 2009 Through July 9, 2009	2008	2007	2006
Income Statement Data:						
Total net sales and revenue (c)(d)	$ 135,592	$ 57,474	$ 47,115	$148,979	$179,984	$204,467
Reorganization gains, net (e)	$ —	$ —	$128,155	$ —	$ —	$ —
Income (loss) from continuing operations (e)(f)	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)	$ (2,155)
Income from discontinued operations, net of tax (g)	—	—	—	—	256	445
Gain on sale of discontinued operations, net of tax (g)	—	—	—	—	4,293	—
Net income (loss) (e)	6,503	(3,786)	109,003	(31,051)	(38,136)	(1,710)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108	(406)	(324)
Less: Cumulative dividends on and charge related to purchase of preferred stock (h)	1,504	131	—	—	—	—
Net income (loss) attributable to common stockholders (e)	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)	$ (2,034)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)
Cash dividends per common share	$ —	$ —	$ —	$ 0.50	$ 1.00	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (d)(f)	$ 138,898	$ 136,295		$ 91,039	$148,846	$185,995
Automotive notes and loans payable (i)(j)	$ 4,630	$ 15,783		$ 45,938	$ 43,578	$ 47,476
GM Financial notes and loans payable (d)	$ 7,032					
Series A Preferred Stock (k)	$ 5,536	$ 6,998		$ —	$ —	$ —
Series B Preferred Stock (l)	$ 4,855	$ —		$ —	$ —	$ —
Equity (deficit) (f)(m)(n)	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)	$ (4,076)

(a) All applicable Successor share, per share and related information has been adjusted retroactively for the three-for-one stock split effected on November 1, 2010.

(b) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(c) In November 2006 Old GM sold a 51% controlling ownership interest in Ally Financial, resulting in a significant decrease in total

consolidated net sales and revenue.

(d) GM Financial was consolidated effective October 1, 2010.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(e) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to our consolidated financial statements for additional detail.

(f) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(g) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(h) Includes a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(i) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility.

(j) In December 2010 GM Daewoo terminated a Korean Won 1.4 trillion (equivalent to $1.2 billion) credit facility following the repayment of the remaining $1.0 billion under the facility.

(k) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount.

(l) Series B Preferred Stock was issued in a public offering in November and December 2010. The Series B Preferred Stock pays dividends at 4.75% and is convertible to common stock at the option of the holder until December 1, 2013 the date on which all outstanding shares of Series B Preferred Stock will be mandatorily converted into common stock based on pre-defined conversion ratios that adjust based on the share price of our common stock.

(m) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, “Compensation — Retirement Benefits” (ASC 715).

(n) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions in accordance with ASC 740, “Income Taxes” (ASC 740).

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Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General Motors Company was formed by the UST in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this management's discussion and analysis of financial condition and results of operations, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC, as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GMNA, GME, GMIO, GMSA and GM Financial.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010 we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable share, per share and related information for periods on or subsequent to July 10, 2009 has been adjusted retroactively to give effect to the three-for-one stock split.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

On October 5, 2010 our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Overview

Our Company

Our company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. As a result of the 363 Sale and other recent restructuring and cost savings initiatives, we have improved our financial position and level of operational flexibility as compared to Old GM when it operated the business. We commenced operations upon completion of the 363 Sale with a total amount of debt and other liabilities at July 10, 2009 that was $92.7 billion less than Old GM's total amount of debt and other liabilities at July 9, 2009. We reached a competitive labor agreement with our unions, restructured our dealer network and reduced and refocused our brand strategy in the U.S. to our four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange.

Automotive

We are a leading global automotive company. Our vision is to design, build and sell the world's best vehicles. We seek to distinguish our vehicles through superior design, quality, reliability, telematics (wireless voice and data) and infotainment and safety within their respective segments. Our business is diversified across products and geographic markets. With a global network of independent dealers we meet the local sales and service needs of our retail and fleet customers. Of our total 2010 vehicle sales volume, 73.6% was generated outside the United States, including 43.0% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and distribution operations in Central America and the Caribbean, represented 31.3% of our total 2010 vehicle sales volume. In North America, we sell our vehicles through four brands — Chevrolet, GMC, Buick and Cadillac — which are manufactured at plants across the U.S., Canada and Mexico and imported from other GM regions. In 2010, GMNA had the largest market share of any competitor in this market at 18.2%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Russia, the Commonwealth of Independent States and Eastern Europe represented 19.8% of our total 2010 vehicle sales volume. In Western and Central Europe, we sell our vehicles under

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

the Opel and Vauxhall (U.K. only) brands, which are manufactured in Europe, and under the Chevrolet brand, which is imported from South Korea where it is manufactured by GM Daewoo of which we own 70.1%. In 2010, GME had the number five market share in this market, at 8.8%.

- GMIO, with sales, manufacturing and distribution operations in Asia-Pacific, Russia, the Commonwealth of Independent States, Eastern Europe, Africa and the Middle East, is our largest segment by vehicle sales volume. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East represented 36.7% of our total 2010 vehicle sales volume including sales through our joint ventures. In these regions, we sell our vehicles under the Buick, Cadillac, Chevrolet, Daewoo, FAW, GMC, Holden, Isuzu, Jiefang, Opel and Wuling brands, and we plan to commence sales under the Baojun brand in 2011. In 2010, GMIO had the second largest market share for this market at 8.8% and the number one market share in China. Of GMIO's vehicle sales volume 76.4% is from China in 2010. Our Chinese operations are primarily comprised of three joint ventures: SGM; of which we own 49%, SGMW; of which we own 44% and FAW-GM; of which we own 50%.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales activities in Bolivia, Chile, Paraguay, Peru and Uruguay represented 12.2% of our total 2010 vehicle sales volume. In South America, we sell our vehicles under the Chevrolet, Suzuki and Isuzu brands. In 2010 GMSA had the largest market share for this market at 19.9% and the number three market share in Brazil. Of GMSA's vehicle sales volume 64.1% is from Brazil in 2010.

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the new Chevrolet Volt.

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial specializes in purchasing retail automobile installment sales contracts originated by franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial generates revenue and cash flows primarily through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on the finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our management team is focused on hiring new and promoting current talented employees who can bring new perspectives to our business in order to execute on our strategy as follows:

Deliver quality products. We intend to maintain a broad portfolio of vehicles so that we are positioned to meet global consumer preferences. We plan to do this in several ways.

- *Concentrate our design, engineering and marketing resources on fewer brands and architectures.* We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today. We expect that this initiative will result in greater investment per architecture and brand and will increase our product development and manufacturing flexibility, allowing us to maintain a steady schedule of important new product launches in the future. We believe our four-brand strategy in the U.S. will continue to enable us to allocate higher marketing expenditures per brand.

- *Develop products across vehicle segments in our global markets.* We plan to develop vehicles in each of the key segments of the global markets in which we compete. For example, in September 2010 we introduced the Chevrolet Cruze in the U.S. small car segment, an important and growing segment where we have historically been under-represented.

- *Continued investment in a portfolio of technologies.* We will continue to invest in technologies that support energy diversity and energy efficiency as well as in safety, telematics and infotainment technology. We are committed to advanced propulsion technologies and intend to offer a portfolio of fuel efficient alternatives that use energy sources such as petroleum, bio-fuels, hydrogen and electricity, including the new Chevrolet Volt. We are committed to increasing the fuel efficiency of our vehicles with internal combustion engines through features such as cylinder deactivation, direct injection, variable valve timing, turbo-charging with engine downsizing and six speed transmissions. For example, we expect the Chevrolet Cruze Eco to be capable of achieving an estimated 40 mpg on the highway with a traditional internal combustion engine. We are expanding our telematics and infotainment offerings and, as a result of our OnStar service and our partnerships with companies such as Google, are in a position to deliver safety, security, navigation and connectivity systems and features.

Sell our vehicles globally. We will continue to compete in the largest and fastest growing markets globally.

- *Broaden GMNA product portfolio.* We plan to launch 13 new vehicles in GMNA across our four brands in 2011 and 2012, primarily in the growing car and crossover segments, where, in some cases, we are under-represented, and an additional 29 new vehicles between 2013 and 2014. Launched vehicles in 2010 included the Chevrolet Matiz, Spark, Spark Lite and Volt, Cadillac CTS Coupe and Buick Regal. We believe that we have achieved a more balanced portfolio in the U.S. market, where we maintained a sales volume mix of 36% from cars, 38% from trucks and 26% from crossovers in 2010 compared to 51% from trucks in 2006.

- *Refresh GME's vehicle portfolio.* To improve our product quality and product perception in Europe, by the start of 2012, we plan to have 80% of our Opel/Vauxhall carlines volume refreshed such that the model stylings are less than three years old. We have four product launches scheduled in 2011. As part of our planned rejuvenation of Chevrolet's portfolio, which increasingly supplements our Opel/Vauxhall brands throughout Europe, we are moving the entire Chevrolet lineup to new global architectures.

- *Increase sales in GMIO, particularly in China.* We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as China, and to improve market share in other important markets, including South Korea, South Africa, Russia, India and the ASEAN region. We aim to launch 70 new vehicles throughout GMIO through 2012. We plan to enhance and strengthen our GMIO product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- Increase sales in GMSA, particularly in Brazil. We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as Brazil. We aim to launch 40 new vehicles throughout GMSA through 2011. We plan to

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

strengthen our GMSA product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- *Ensure competitive financing is available to our dealers and customers.* We currently maintain multiple financing programs and arrangements with third parties for our wholesale and retail customers to utilize when purchasing or leasing our vehicles. Through our long-standing arrangements with Ally Financial and a variety of other worldwide, regional and local lenders, we provide our customers and dealers with access to financing alternatives. We plan to further expand the range of financing options available to our customers and dealers to help grow our vehicle sales through two specific objectives: (1) ensure certainty of availability of financing; and (2) competitive and transparent pricing for financing, for our dealers and customers. We expect GM Financial will offer increased availability of leasing and sub-prime financing for our customers in the United States and Canada throughout economic cycles. We also plan to use GM Financial to initiate targeted customer marketing initiatives to expand our vehicle sales.

Reduce breakeven levels through improved revenue realization and a competitive cost structure. In developed markets, we are improving our cost structure to become profitable at lower industry volumes.

- *Capitalize on cost structure improvement and maintain reduced incentive levels in GMNA.* We plan to sustain the cost reduction and operating flexibility progress we have made as a result of our North American restructuring. Our current U.S. and Canadian hourly labor agreements provide the flexibility to utilize a lower tiered wage and benefit structure for new hires, part-time employees and temporary employees. We aim to increase our vehicle profitability by maintaining competitive incentive levels with our strengthened product portfolio and by actively managing our production levels through monitoring of our dealer inventory levels. For the twelve months ended December 31, 2010 and based on GMNA's 2010 market share, GMNA's earnings before interest and taxes (EBIT) (EBIT is not an operating measure under U.S. GAAP — refer to "Reconciliation of Consolidated, Automotive and GM Financial Segment Results" for additional discussion) would have achieved breakeven at GMNA wholesale volume of approximately 2.3 million vehicles, consistent with an annual U.S. industry sales volume of approximately 9.5 to 10.0 million vehicles.

- *Execute on our Opel/Vauxhall restructuring plan*. We expect our Opel/Vauxhall restructuring plan to lower our vehicle manufacturing costs. The plan includes manufacturing rationalization, headcount reduction, labor cost concessions from the remaining workforce and selling, general and administrative efficiency initiatives. Specifically, we have reached an agreement to reduce our European manufacturing capacity by 20% through, among other things, the closing of our Antwerp facility in Belgium and the rationalization of our powertrain operations in our Bochum and Kaiserslautern facilities in Germany. Additionally, we have reached an agreement with the labor unions in Europe to reduce labor costs by Euro 265 million per year. The objective of our restructuring, along with the refreshed product portfolio pipeline, is to restore the profitability of the GME business.

- *Enhance manufacturing flexibility.* We primarily produce vehicles in locations where we sell them and we have significant manufacturing capacity in medium- and low-cost countries. We intend to maximize capacity utilization across our production footprint to meet demand without requiring significant additional capital investment. For example, we were able to leverage the benefit of a global architecture and start initial production for the U.S. of the Buick Regal 11 months ahead of schedule by temporarily shifting production from North America to Rüsselsheim, Germany.

Maintain a strong balance sheet. Given our business's high operating leverage and the cyclical nature of our industry, we intend to minimize our financial leverage. We plan to use excess cash to repay debt and to make discretionary contributions to our U.S. pension plans. Based on this planned reduction in financial leverage and the anticipated benefits resulting from our operating strategy described above, we will aim to attain an investment grade credit rating over the long-term.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM, through its wholly-owned subsidiary GMCL, also received funding from EDC, a corporation wholly-owned by the Government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the UST Loan Facility under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);

- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for UAW retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the New VEBA, such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA Obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus of resources on four U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab, HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers was targeted from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of the Sellers. The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where expected general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009, we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (UST Loans). Through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement with EDC and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued the VEBA Notes to the New VEBA in the principal amount of $2.5 billion pursuant to the VEBA Note Agreement.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 19 to our consolidated financial statements for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, which could have included compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased the 84 million shares of Series A Preferred Stock held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 to our consolidated financial statements for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post-age-65 benefits and placing a cap on pre-age-65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11

Table of Contents

Proceedings were recorded in Reorganization gains, net. Expenses and gains and losses directly related to the reorganization do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities.

Specific Management Initiatives

The execution of certain management initiatives is critical to achieving our goal of sustained future profitability. The following provides a summary of these management initiatives and significant results and events.

Repayment of Debt and Reduction of Financial Leverage

Purchase of Series A Preferred Stock from the UST

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion.

Contribution of Cash and Common Stock to U.S. Hourly and Salaried Pension Plans

In October 2010 we announced our intention to contribute $6.0 billion to our U.S. hourly and salaried pension plans, consisting of $4.0 billion of cash and $2.0 billion of our common stock. In December 2010 we made the $4.0 billion cash contribution to our U.S. hourly and salaried pension plans consisting of a $2.7 billion contribution to the U.S. hourly pension plan and a $1.3 billion contribution to the U.S. salaried pension plan. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. We contributed 41 million shares of our common stock to the U.S. hourly pension plan and 20 million shares of our common stock to the U.S. salaried pension plan.

Repayment of GM Daewoo Credit Facility

In December 2010 GM Daewoo terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

Repayment of VEBA Notes

On July 10, 2009 we entered into the VEBA Note Agreement and issued the VEBA Notes in the principal amount of $2.5 billion to the New VEBA. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Repayment of UST Loans and Canadian Loan

Proceeds from the DIP Facility were necessary in order to provide sufficient capital for Old GM to operate pending the closing of the 363 Sale. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities was to repay the outstanding balances from these loans prior to maturity. We also plan to use excess cash to repay debt and reduce our financial leverage.

In April 2010, we used funds from our escrow account (described below) to repay in full the then-outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow. We used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP (New Delphi), in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. We released from escrow $2.4 billion in connection with two quarterly payments on the UST Loans and Canadian Loan and another $4.7 billion was released upon the repayment of the UST Loans. The remaining funds in the amount of $6.6 billion that were held in escrow became unrestricted and the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German federal government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Focus on Chinese Market

Our Chinese operations, which we established beginning in 1997, are composed of the following joint ventures: SGM, SGMW, FAW-GM, Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car JV), collectively referred to as China JVs. We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick division, which we believe is a strong brand in China. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Chevrolet brand in China. Sales and income of the joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet, and Cadillac.

SGMW, of which we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9%, produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling and Chevrolet brands. In 2010 we entered into an equity transfer agreement to purchase an additional 10% interest in SGMW from Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, (together the Wuling Group) for $52 million in cash plus an agreement to provide technical services to the Wuling Group through 2013. Upon receiving regulatory approval in China, the transaction closed in November of 2010 increasing our ownership from 34% to 44% of the outstanding stock of SGMW. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales and production volume in China. SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes certain key operational and financial data for the China JVs (dollars in millions):

	Years Ended	
	December 31, 2010	December 31, 2009
Total wholesale units	2,348,391	1,823,693
Market share	12.8%	13.3%
Total net sales and revenues	$ 25,395	$ 18,098
Net income	$ 2,808	$ 1,636
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 5,247	$ 3,516
Debt	$ 61	$ 30

In November 2010 we and SAIC entered into a non-binding Memorandum of Understanding (MOU) that would, if binding agreements are concluded by the parties, result in several strategic cooperation initiatives between us and SAIC. The initiatives covered by the MOU include:

- Cooperation in the development of new energy vehicles, such as appropriate electric vehicle architectures and battery electric vehicle technical development;
- Further expanding the role of PATAC in vehicle development, new technology development and participation in our global vehicle development process;
- Sharing an additional vehicle architecture and powertrain application with SAIC in an effort to help reduce development costs and benefit from economies of scale;
- Potential cooperation in providing access to our distribution network outside China for certain of SAIC's MG branded products;
- Providing training sources to assist a limited number of SAIC engineers with their professional development; and
- Discussions to determine possible areas of cooperation in the development of future diesel engines.

We expect definitive agreements will be reached in the first half of 2011 for the initiatives not yet agreed to at December 31, 2010.

Development of Multiple Financing Sources and GM Financial

A significant percentage of our customers and dealers require financing to purchase our vehicles. Historically, Ally Financial has provided most of the financing for our dealers and a significant amount of financing for our customers in the U.S., Canada and various other markets around the world. We maintain other financing relationships, such as with U.S. Bank for U.S. leasing, GM Financial for sub-prime lending and a variety of local and regional financing sources around the world.

We expect GM Financial will allow us to complement our existing relationship with Ally Financial in order to provide a more complete range of financing options to our customers, specifically focusing on providing additional capabilities in leasing and sub-prime financing options. We also plan to use GM Financial for targeted customer marketing initiatives to expand our vehicle sales.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility will be needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "— Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Opel/Vauxhall Restructuring Activities

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result, we have decided to fund the requirements of Opel/Vauxhall internally, including any amounts necessary to fund the $1.4 billion in cash required to complete the European restructuring program. Opel/Vauxhall has subsequently withdrawn all applications for government loan guarantees from European governments.

Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

We plan to continue to invest in capital, engineering and innovative fuel efficient powertrain technologies including an extended-range electric vehicle and battery electric vehicles. Our plan also includes aggressive capacity reductions including headcount reductions and the closing of our Antwerp, Belgium facility.

In the year ended December 31, 2010 GME recorded charges for 2010 restructuring programs of $81 million related to separation programs in the U.K. and Germany and an early retirement plan in Spain of $63 million, which will affect 1,200 employees.

In the year ended December 31, 2010 GME recorded charges of $527 million related to a separation plan associated with the closure of the Antwerp, Belgium facility. There were 2,600 employees affected, of which 1,300 separated in June 2010. In addition, GME and employee representatives entered into a Memorandum of Understanding whereby both parties cooperated in a working group, which also included the Flemish government, in order to find an outside investor to acquire and operate the facility. In October 2010 we announced that the search for an investor had been unsuccessful and the vehicle assembly operations in Antwerp, Belgium ceased at the end of 2010.

Increased GMNA Production Volume

The moderate improvement in the U.S. economy, resulting increase in U.S. industry vehicle sales and increase in demand for our products has resulted in increased production volumes for GMNA. In the year ended December 31, 2010 GMNA produced 2.8 million vehicles. This represents an increase of 46.8% compared to 1.9 million vehicles that combined GM and Old GM GMNA produced in the year ended December 31, 2009.

The following table summarizes GMNA's quarterly production volume (in thousands):

	Three Months Ended December 31	Three Months Ended September 30	Three Months Ended June 30	Three Months Ended March 31
GMNA quarterly production volume 2010	703	707	731	668
GMNA quarterly production volume 2009	616	531 (a)	395 (b)	371 (b)
Total GMNA quarterly production volume year-over-year increase	14.1%	33.1%	85.1%	80.1%

(a) Combined GM and Old GM GMNA production volume.

(b) Old GM GMNA production volume.

Increased U.S. Vehicle Sales

GMNA dealers in the U.S. sold 2.2 million vehicles in the year ended December 31, 2010. This represents an increase of 131,000 vehicles (or 6.3%) from our and Old GM's U.S. vehicle sales in the year ended December 31, 2009. This increase reflects our brand

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

rationalization strategy to focus our product engineering and design and marketing on our four brands. This strategy has resulted in increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX. These four brands accounted for 99.4% of our U.S. vehicle sales in the year ended December 31, 2010. The moderate improvement in the U.S. economy has contributed to a slow but steady improvement in U.S. industry vehicle sales and increased consumer confidence.

The continued increase in U.S. industry vehicle sales and the vehicle sales of our four brands is critical for us to maintain our worldwide profitability.

U.S. Dealer Reduction

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network, we performed analyses of volumes and consumer satisfaction indexes, among other criteria, and over 1,800 U.S. retail dealers signed wind-down agreements effectively terminating their dealer agreements with us on October 31, 2010. Pursuant to legislation passed in December 2009 over 1,100 dealers filed for arbitration seeking reinstatement. In 2010 the arbitration process was resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands. At December 31, 2010 there were 4,500 vehicle dealers in the U.S. compared to 5,600 at December 31, 2009.

Section 136 Loans

Section 136 of the EISA established an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S. In January 2011 consistent with our strategy to maintain a strong balance sheet by minimizing our financial leverage, we withdrew our $14.4 billion loan application, under Section 136, to the U.S. Department of Energy.

Brand Rationalization

We have focused our resources in the U.S. on four brands. As a result, we completed the sale of Saab in February 2010 and the sale of Saab GB in May 2010 and have completed the wind down of our Pontiac, Saturn, and HUMMER brands.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of Nexteer included the global steering business which was acquired in October 2009. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia. We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with several third party investors who held the Delphi Tranche DIP Facility (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities had been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain

Table of Contents

outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions and settlements with various represented employee groups are discussed below.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

Global Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

U.S. Salaried Benefit Changes

U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued other postretirement benefits (OPEB) liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the revised settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and

Table of Contents

eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not

Table of Contents

combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to our consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM's financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2010 and 2009 and in the periods presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial's loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results of Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$ 135,142	$ 57,329	$ 46,787	$ 147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (a)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$ 109,118	$ (30,943)

(a) Includes charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize total production volume and sales of new motor vehicles and competitive position (in thousands):

	GM Year Ended December 31, 2010	Combined GM and Old GM Year Ended December 31, 2009	Old GM Year Ended December 31, 2008
Production Volume (a)			
GMNA	2,809	1,913	3,449
GME	1,234	1,106	1,495
GMIO (b)	3,745	2,677	2,335
GMSA	926	807	865
Worldwide	8,714	6,503	8,144

(a) Production volume includes vehicles produced by certain joint ventures.

(b) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)(e)						
GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
GMIO (f)(g)	3,077	8.8%	2,453	8.7%	1,832	7.4%
GMSA	1,026	19.9%	872	20.0%	920	20.7%
Worldwide	8,390	11.4%	7,477	11.6%	8,359	12.3%

(a) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT provides meaningful supplemental information regarding our automotive segments' operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT is useful in allowing for greater transparency of our core operations and it is therefore used by management in its financial and operational decision-making.

While management believes that EBIT provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U.S. GAAP measures.

Management believes income (loss) before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

The following table summarizes the reconciliation of our automotive segments EBIT and GM Financial's income before income taxes to Net income (loss) attributable to stockholders (dollars in millions):

	Successor				Predecessor			
	Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009		Year Ended December 31, 2008	
Automotive								
EBIT								
GMNA (a)	$ 5,748	81.4%	$(4,820)	108.8%	$ (11,092)	74.7%	$(12,203)	85.3%
GME (a)	(1,764)	(25.0)%	(814)	18.4%	(2,815)	19.0%	(2,625)	18.3%
GMIO (a)	2,262	32.0%	789	(17.8)%	(486)	3.3%	(555)	3.9%
GMSA (a)	818	11.6%	417	(9.4)%	(454)	3.0%	1,076	(7.5)%
Total automotive EBIT	7,064	100%	(4,428)	100%	(14,847)	100%	(14,307)	100%
Corporate and eliminations (b)	284		(359)		128,044		(13,000)	
Interest income	465		184		183		655	
Automotive interest expense	1,098		694		5,428		2,525	
Income tax expense (benefit)	672		(1,000)		(1,166)		1,766	
Automotive Financing								
GM Financial income before income taxes	129		—		—		—	
Net income (loss) attributable to stockholders	$ 6,172		$(4,297)		$109,118		$(30,943)	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended 2010 vs. 2009 Change Amount	%	Year Ended 2009 vs. 2008 Change Amount	%
GMNA	$ 83,035	$ 56,617	$ 32,426	$ 24,191	$ 86,187	$ 26,418	46.7%	$(29,570)	(34.3)%
GME	24,076	24,031	11,479	12,552	34,647	45	0.2%	(10,616)	(30.6)%
GMIO	21,470	14,785	8,567	6,218	24,050	6,685	45.2%	(9,265)	(38.5)%
GMSA	15,379	13,135	7,399	5,736	14,522	2,244	17.1%	(1,387)	(9.6)%
GM Financial	281	—	—	—	—	281	n.m.	—	n.m.
Total operating segments	144,241	108,568	59,871	48,697	159,406	35,673	32.9%	(50,838)	(31.9)%
Corporate and eliminations	(8,649)	(3,979)	(2,397)	(1,582)	(10,427)	(4,670)	(117.4)%	6,448	61.8%
Total net sales and revenue	$ 135,592	$ 104,589	$ 57,474	$ 47,115	$ 148,979	$ 31,003	29.6%	$(44,390)	(29.8)%

n.m. = not meaningful

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%), primarily due to: (1) increased wholesale sales volume of $19.8 billion in GMNA due to an improving economy and recent vehicle launches; (2) increased wholesale volumes of $3.9 billion in GMIO due to an improving global economy and recent vehicle launches; (3) favorable vehicle pricing effect of $2.9 billion in GMNA due to lower sales allowances, partially offset by less favorable adjustments for U.S. residual support programs for leased vehicles; (4) increased wholesale volumes of $2.2 billion in GMSA driven by launches of the Chevrolet Cruze and Chevrolet Spark; (5) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales in GMNA; (6) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar in GMSA; (7) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities in GMNA; (8) favorable net foreign currency translation effect of $0.9 billion in GMIO; (9) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles in GMIO; (10) favorable net foreign currency remeasurement effect of $0.8 billion in GMNA; (11) derivative losses of $0.8 billion in 2009, that did not recur in 2010, primarily driven by the depreciation of the Korean Won against the U.S. Dollar in GMIO; (12) favorable vehicle mix of $0.5 billion in GME; (13) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva in GME; (14) favorable vehicle pricing effect of $0.3 billion primarily in Venezuela driven by the hyperinflationary economy in GMSA; (15) increased revenues from OnStar of $0.3 billion in GMNA; and (16) finance charge income of $0.3 billion due to the acquisition of AmeriCredit.

These increases in Total net sales and revenue were partially offset by: (1) devaluation of the BsF in Venezuela of $0.9 billion in GMSA; (2) unfavorable net foreign currency translation effect of $0.7 billion in GME; (3) unfavorable vehicle mix of $0.4 billion in GMSA; and (4) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

In the year ended December 31, 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) decreased revenue of $36.7 billion in GMNA related to volume reductions; (2) decrease in domestic wholesale volumes and lower exports of $9.1 billion in GMIO; (3) decreased domestic wholesale volumes of $4.8 billion in GME; (4) unfavorable foreign currency translation effect and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) decreased wholesale volumes of $2.2 billion in GMSA; (6) decreased revenue of $1.2 billion in GME related to Saab;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(7) unfavorable net foreign currency effect of $1.0 billion in GMIO; (8) decreased powertrain and parts and accessories revenue of $0.8 billion in GME; and (9) decreased lease financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of $1.3 billion in GME; (4) decreased derivative losses of $0.9 billion in GMIO; (5) favorable pricing of $0.4 billion in GMSA, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.3 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Automotive Cost of Sales

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotives sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive cost of sales	$ 118,792	87.9%	$ 56,381	98.3%	$ 55,814	119.3%	$ 149,257	101.0%
Automotive gross margin	$ 16,350	12.1%	$ 948	1.7%	$ (9,027)	(19.3)%	$ (1,525)	(1.0)%

GM

In the year ended December 31, 2010 Automotive cost of sales included: (1) restructuring charges of $0.8 billion in GME primarily for separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) foreign currency remeasurement losses of $0.5 billion in GMNA; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters in GMNA; (4) impairment charges related to product-specific tooling assets of $0.2 billion in GMNA; partially offset by (5) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization in GMNA; and (6) foreign currency transaction gains of $0.3 billion in GMSA.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan in GMNA; (2) foreign currency remeasurement losses of $1.3 billion in GMNA; partially offset by (3) favorable adjustments of $0.7 billion in GMNA, $0.5 billion in GME and $0.1 billion in GMIO due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) foreign currency transaction gains of $0.5 billion primarily in Corporate.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.1 billion in GMNA and $0.7 billion in GME; (2) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans in GMNA; (3) separation program charges and Canadian restructuring activities of $1.1 billion in GMNA; (4) charges of $0.8 billion primarily related to the deconsolidation of Saab; (5) foreign currency translation and remeasurement losses of $0.7 billion in GMNA; (6) impairment charges of $0.4 billion in GMNA and $0.2 billion in GME primarily for product-specific tooling; (7) foreign currency transaction losses of $0.5 billion in GMSA; (8) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives in GMNA; (9) a charge of $1.1 billion related to the Supplemental Unemployment Benefit (SUB) and the Transitional Support Program (TSP), partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program, Old GM's job security provision of the collective bargaining agreement with the UAW to continue paying idled employees certain wages and benefits in GMNA; and (10) charges of $0.3 billion related to obligations associated with various Delphi agreements in GMNA.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

In the year ended December 31, 2008 Automotive cost of sales included: (1) restructuring charges and other costs of $6.0 billion related to Old GM's special attrition programs in GMNA; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement in GMNA; (3) impairment charges of $0.5 billion in GME and $0.4 billion in GMNA primarily related to product-specific tooling; (4) commodity and foreign currency exchange derivative losses of $0.8 billion in GMNA; (5) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW in GMNA; (6) restructuring charges of $0.3 billion related to separation programs announced in Belgium, France, Germany and the United Kingdom in GME; (7) foreign currency transaction losses of $0.3 billion in GMSA primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; partially offset by (8) net curtailment gain of $4.9 billion in GMNA related to the February 2008 Settlement Agreement for the UAW hourly medical plan; and (9) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar in GMNA.

Automotive Selling, General and Administrative Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive selling, general and administrative expense	$ 11,446	8.5%	$ 6,006	10.5%	$ 6,161	13.2%	$ 14,253	9.6%

GM

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products, including expenses in GMNA of $3.4 billion, in GME of $0.8 billion, in GMIO of $0.6 billion and in GMSA of $0.3 billion; (2) administrative expenses of $4.4 billion, including expenses in GMNA of $2.0 billion, in GMIO of $0.8 billion, in GME of $0.6 billion and in GMSA of $0.5 billion; and (3) selling and marketing expenses of $1.4 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.5 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products, including expenses in GMNA of $1.7 billion, in GME of $0.4 billion, in GMIO of $0.3 billion and in GMSA of $0.1 billion; (2) administrative expenses of $2.6 billion, including expenses in GMNA of $1.1 billion, in GMIO of $0.5 billion, in GME of $0.3 billion and in GMSA of $0.2 billion; and (3) selling and marketing expenses of $1.0 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.3 billion, in GMIO of $0.1 billion and in GMSA of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs in GMNA; and (2) a curtailment loss of $0.3 billion upon the interim remeasurement of the U.S. salary defined benefit pension plan as a result of global salary workforce reductions. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

In the year ended December 31, 2008 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $6.3 billion to support media campaigns for our products, including expenses in GMNA of $4.0 billion, in

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GME of $1.3 billion, in GMIO of $0.8 billion and in GMSA of $0.2 billion; (2) administrative expenses of $5.8 billion, including expenses in GMNA of $2.8 billion, in GMIO of $0.9 billion, in GME of $0.7 billion and in GMSA of $0.4 billion; and (3) selling and marketing expenses of $1.9 billion primarily to support our dealerships including expenses in GMNA of $0.9 billion, in GME of $0.7 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

Other Automotive Expenses, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of total net sales and revenue
Other automotive expenses, net	$ 118	0.1%	$ 15	—%	$1,235	2.6%	$ 6,699	4.5%

GM

In the year ended December 31, 2010 Other automotive expenses, net included primarily depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; (3) interest expense related to our dealer financing program of $13 million; partially offset by (3) gains in GME for changes in liabilities related to Saab of $60 million; (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases; and (5) gain on sale of vehicles of $19 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion in GME, primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

In the year ended December 31, 2008 Other automotive expenses, net included: (1) charges related to the Delphi Benefit Guarantee Agreements of $4.8 billion; (2) depreciation expense of $0.7 billion related to the portfolio of automotive retail leases; (3) Goodwill impairment charges of $0.6 billion; (4) operating expenses of $0.4 billion related to the portfolio of automotive retail leases; and (5) interest expense of $0.1 billion.

Equity in Income (Loss) of and Disposition of Interest in Ally Financial

	Predecessor			
	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Equity in income (loss) of and disposition of interest in Ally Financial	$ (1,097)	(2.3)%	$ 916	0.6%
Gain on conversion of UST Ally Financial Loan	2,477	5.3%	—	—%
Impairment charges related to Ally Financial Common Membership Interests	—	—%	(7,099)	(4.8)%
Total equity in income (loss) of and disposition of interest in Ally Financial	$ 1,380	2.9%	$ (6,183)	(4.2)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in loss of and disposition of interest in Ally Financial included: (1) Gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

In the year ended December 31, 2008 Equity in loss of and disposition of interest in Ally Financial included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial Common Membership Interests; partially offset by (2) Old GM's proportionate share of Ally Financial's income from operations of $0.9 billion.

Automotive Interest Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive interest expenses	$ (1,098)	0.8%	$ (694)	1.2%	$ (5,428)	11.6%	$ (2,525)	1.7%

GM

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense of $0.4 billion on GMIO and GMSA debt; (2) interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes; and (3) interest expense of $0.3 billion on GMNA debt.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included interest expense of $0.3 billion on the UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive interest expense included: (1) amortization of discounts related to the UST Loan, EDC Loan, and DIP Facilities of $3.7 billion; and (2) interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO and GMSA debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

In the year ended December 31, 2008 Automotive interest expense included: (1) interest expense of $1.6 billion on Old GM's unsecured bonds; (2) interest expense of $0.4 billion Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure; and (3) interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan.

Interest Income and Other Non-Operating Income, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Interest income and other non-operating income,net	$ 1,555	1.1%	$ 440	0.8%	$ 852	1.8%	$ 424	0.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab of $0.1 billion; (6) gain on sale of Nexteer of $0.1 billion; (7) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the acquisition of GM Strasbourg (GMS); (8) gain on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion in GMNA.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on foreign currency exchange derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) net rental and royalty income of $0.2 billion in GMNA; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income of $0.2 billion earned from investments; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) gains on foreign currency exchange derivatives of $0.1 billion; (4) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; (5) net rental income of $0.1 billion in GMNA; (6) royalty income of $0.1 billion in GMNA; and (7) Ally Financial exclusivity fee income of $0.1 billion in GMNA.

In the year ended December 31, 2008 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.7 billion; (2) rental income of $0.2 billion; (3) dividends and royalties of $0.2 billion; (4) Ally Financial exclusivity fee income of $0.1 billion in GMNA; partially offset by (5) impairment charge of $1.0 billion related to our investment in Ally Financial Preferred Membership Interests.

Gain (Loss) on Extinguishment of Debt

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) on extinguishment of debt	$ 196	$ (101)	$ (1,088)	$ 43

GM

In the year ended December 31, 2010 Gain (loss) on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

In the year ended December 31, 2008 Gain (loss) on extinguishment of debt included a gain of $43 million resulting from a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of Old GM's Series D debentures, which were retired and canceled.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reorganization gains, net

	Predecessor
	January 1, 2009 Through July 9, 2009
Reorganization gains, net	$128,155

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

GM

In the year ended December 31, 2010 Income tax expense of $0.7 billion primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, $0.3 billion withholding taxes and taxable foreign exchange gain in Venezuela, partially offset by $0.3 billion settlement of uncertain tax positions and reversal of valuation allowances.

In the period July 10, 2009 through December 31, 2009 Income tax benefit of $1.0 billion primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit of $1.2 billion primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

In the year ended December 31, 2008 Income tax expense of $1.8 billion primarily resulted from the recording of valuation allowances of $1.9 billion against deferred tax assets in South Korea, the United Kingdom, Spain, Australia, Texas and various non-U.S. jurisdictions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Income, net of tax

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
China JVs	$ 1,297	1.0%	$ 460	0.8%	$ 300	0.6%	$ 315	0.2%
Other equity interests	$ 141	0.1%	$ 37	0.1%	$ (239)	(0.5)%	$ (129)	(0.1)%
Total equity income, net of tax	$ 1,438	1.1%	$ 497	0.9%	$ 61	0.1%	$ 186	0.1%

GM

In the year ended December 31, 2010 Equity income, net of tax included equity income of $1.3 billion related to our China JVs, primarily SGM and SGMW and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 equity income, net of tax included equity income of $0.5 billion related to our China JVs, primarily SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax included equity income of $0.3 billion related to our China JV's, primarily SGM and SGMW partially offset by equity losses of $0.2 billion primarily related to impairment charges at NUMMI and our proportionate share of losses at CAMI.

In the year ended December 31, 2008 Equity income, net of tax included equity income of $0.3 billion related to our China JVs, primarily SGM and SGMW partially offset by equity losses of $0.1 billion primarily related to our investments in NUMMI and CAMI.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor	
	December 31, 2010	**December 31, 2009**
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$ 138,898	$ 136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$ 138,898	$ 136,295

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive

Current Assets

At December 31, 2010 Marketable securities of $5.6 billion increased by $5.4 billion due to investments in securities with maturities exceeding 90 days reflecting our improved liquidity and cash position.

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $12.7 billion (or 91.1%) primarily due to: (1) UST escrow funds of $6.6 billion became unrestricted upon our repayment of the UST Loans and Canadian Loan; (2) release of $4.7 billion from our UST escrow funds to repay the UST Loans; and (3) release of $1.2 billion from our UST escrow funds for quarterly payments on the UST Loans and Canadian Loan.

At December 31, 2010 Accounts and notes receivable of $8.7 billion increased by $1.2 billion (or 15.7%) primarily due to higher sales volumes in all regions.

At December 31, 2010 Inventories of $12.1 billion increased by $2.0 billion (or 20.0%) primarily due to increased production resulting from higher demand for our products and new product launches.

At December 31, 2010 Assets held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010.

At December 31, 2010 Equipment on operating leases, net of $2.6 billion decreased by $0.2 billion (or 5.8%) due to: (1) a decrease of $0.3 billion due to the continued liquidation of our portfolio of automotive retail leases; (2) a decrease of $0.1 billion in GME due to overall volume decreases in Germany; partially offset by (3) an increase of $0.2 billion in GMNA, primarily related to vehicles leased to daily rental car companies (vehicles leased to U.S. daily rental car companies increased to 118,000 vehicles at December 31, 2010 from 97,000 vehicles at December 31, 2009).

Non-Current Assets

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $0.3 billion (or 22.1%) primarily due to a reduction in required cash collateral arrangements as a result of our improved credit conditions compared to December 31, 2009.

At December 31, 2010 Equity in net assets of nonconsolidated affiliates of $8.5 billion increased by $0.6 billion (or 7.5%) due to: (1) equity income of $1.4 billion in the year ended December 31, 2010, primarily related to our China JVs; (2) investment of $0.4 billion in SGMW; (3) investment of $0.2 billion in HKJV; partially offset by (4) dividends received or declared of $1.2 billion, primarily related to our China JVs; (5) a decrease of $0.2 billion related to the sale of our 50% interest in a joint venture; and (6) a decrease of $0.1 billion related to the sale of a 1% ownership interest in SGM to SAIC.

At December 31, 2010 Property, net of $19.2 billion increased by $0.5 billion (or 2.9%) primarily due to: (1) capital expenditures, of $4.2 billion; (2) accruals and capital leases of $0.5 billion; partially offset by (2) depreciation of $3.8 billion; (3) decreases associated with disposals of businesses of $0.3 billion; and (4) unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Goodwill of $30.5 billion decreased by $0.2 billion (or 0.5%) primarily due to unfavorable foreign currency translation effect in GME resulting from the Euro weakening against the U.S. dollar.

At December 31, 2010 Intangible assets, net of $11.9 billion decreased by $2.7 billion (or 18.3%) primarily due to amortization of $2.6 billion and foreign currency translation of $0.1 billion.

At December 31, 2010 Deferred income taxes of $0.3 billion decreased by $0.3 billion (or 45.4%) primarily due to reclassifications of deferred tax assets and changes in the allocation of valuation allowances resulting from underlying changes in the timing of tax deductions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 Assets held for sale were reduced to $0 from $0.5 billion at December 31, 2009 due to the sale of certain of our India operations (GM India) in February 2010. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 Other assets of $3.3 billion increased by $0.7 billion (or 25.3%) primarily due to: (1) increase of $0.3 billion in long-term notes receivable resulting primarily from the sale of GM India of $0.2 billion; (2) increase of $0.1 billion due to capitalization of debt issuance costs associated with the secured revolving credit facility; and (3) increase of $0.1 billion due to amounts paid into insurance funds for employees in early retirement programs.

Current Liabilities

At December 31, 2010 Accounts payable of $21.5 billion increased by $2.8 billion (or 14.8%) primarily due to higher payables for materials due to increased production volumes.

At December 31, 2010 Short-term debt and current portion of long-term debt of $1.6 billion decreased by $8.6 billion (or 84.2%) primarily due to: (1) repayment of the UST Loans and Canadian Loan of $7.0 billion; (2) repayment of the GM Daewoo credit facility of $1.2 billion; and (3) a net change in other obligations of $0.4 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010 to Spyker Cars NV.

At December 31, 2010 Accrued liabilities of $23.4 billion increased by $1.1 billion (or 5.1%) primarily due to: (1) increase in GMNA due to higher customer deposits related to the increased number of vehicles leased to daily rental car companies of $0.5 billion; (2) increase due to tax related accruals reclassified from non-current to current of $0.3 billion; and (3) other miscellaneous accruals of $0.3 billion.

Non-Current Liabilities

At December 31, 2010 Long-term debt of $3.0 billion decreased by $2.5 billion (or 45.8%), primarily due to the repayment in full of the VEBA Notes composed of the outstanding amount (together with accreted interest thereon) of $2.8 billion and resulting gain of $0.2 billion, partially offset by additional net borrowings of $0.4 billion and unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.3 billion at December 31, 2009 due to the sale of GM India in February 2010. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 our Postretirement benefits other than pensions liability of $9.3 billion increased by $0.6 billion (or 6.7%) primarily due to year-end remeasurement effects of $0.4 billion driven by discount rate reductions in the valuation assumptions and unfavorable foreign currency translation effect of $0.2 billion due to the strengthening of the Canadian dollar against the U.S dollar.

At December 31, 2010 our Pensions liability of $21.9 billion decreased by $5.2 billion (or 19.2%) primarily due to net contributions and benefit payments of $4.9 billion and favorable foreign currency translation effect of $0.3 billion. Gains from asset returns greater than expected were primarily offset by actuarial losses from discount rate decreases.

At December 31, 2010 Other liabilities and deferred income taxes of $13.0 billion decreased by $0.3 billion (or 1.9%) primarily due to: (1) decrease in plant closing liability in GMNA due to payments made in 2010 and employee related adjustments of $0.4 billion; (2) decrease due to tax related accruals classified to current of $0.3 billion; partially offset by (3) increase in deferred taxes of $0.4 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Financing

Total GM Financial Assets

At December 31, 2010 Total GM Financial Assets of $10.9 billion was primarily composed of net automotive finance receivables of $8.2 billion, Goodwill of $1.3 billion related to the acquisition of AmeriCredit, including amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis and restricted cash of $1.1 billion associated with GM Financial's credit facilities and securitization notes payable.

Total GM Financial Liabilities

At December 31, 2010 Total GM Financial Liabilities of $7.4 billion was primarily composed of securitization notes payable of $6.1 billion issued in the asset backed securities market and advances on credit facilities of $0.8 billion.

GM North America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 83,035	$ 32,426	$ 24,191	$ 86,187
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$ (11,092)	$ (12,203)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)	Year Ended December 31, 2008 (a)
Production volume			
Cars	977	727	1,543
Trucks	1,832	1,186	1,906
Total	2,809	1,913	3,449

(a) Production volume includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
Total U.S.	2,215	18.8%	2,084	19.7%	2,981	22.1%
U.S. — Cars	807	14.3%	874	16.3%	1,257	18.6%
U.S. — Trucks	1,408	23.0%	1,210	23.1%	1,723	25.5%
Canada	247	15.6%	254	17.1%	359	21.4%
Mexico	156	18.3%	138	17.9%	212	19.8%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at time of delivery to the daily rental car companies.

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
GMNA vehicle sales by brand (a)(b)(c)(d)(e)			
Buick	168	111	154
Cadillac	156	115	170
Chevrolet	1,866	1,601	2,158
GMC	411	317	438
Other — Opel	1	1	2
Total core brands	2,602	2,145	2,922
HUMMER	4	11	30
Pontiac	12	238	383
Saab	1	10	23
Saturn	7	81	207
Total other brands	24	339	643
GMNA total	2,625	2,484	3,565

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMNA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 83,035	$ 56,617	$32,426	$24,191	$ 86,187	$26,418	46.7%	$ (29,570)	(34.3)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) primarily due to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement effect of $0.8 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion primarily due to increased volumes.

In the year ended December 31, 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to: (1) decreased revenue of $36.7 billion related to volume reductions; partially offset by (2) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (3) favorable vehicle mix of $2.8 billion. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates and a recession in North America, Old GM's well publicized liquidity issues and Chapter 11 Proceedings; partially offset by improved vehicle sales related to the CARS program and an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program.

GMNA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$(11,092)	$ (12,203)

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate (SAAR)) and market share. While not as significant as industry volume and market share, another factor affecting GMNA profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Contribution margin is a key indicator of product profitability. Contribution margin is defined as revenue less material cost, freight, and policy and warranty expense. Vehicles with higher selling prices generally have higher contribution margins. Trucks currently have a contribution margin of approximately 140% of our portfolio on a weighted-average basis. Crossover vehicles' contribution margins are in line with the overall portfolio on a weighted-average basis, and cars are approximately 60% of the portfolio on a weighted-average basis. As such, a sudden shift in consumer preference from trucks to cars would have an unfavorable effect on GMNA's EBIT and breakeven point. For example, a shift in demand such that industry market share for trucks deteriorated 10 percentage points and industry market share for cars increased by 10 percentage points, holding other variables constant, would have increased GMNA's breakeven point for the year ended December 31, 2010, as measured in terms of GMNA factory unit sales, by 200,000 vehicles. For the year ended December 31, 2010 our U.S. car market share was 14.3% and our U.S. truck market share was 23.0%. We continue to strive to achieve a product portfolio with more balanced contribution margins and less susceptibility to shifts in consumer demand.

GM

In the year ended December 31, 2010 EBIT was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to product-specific tooling assets of $0.2 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $4.8 billion and included: (1) settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency remeasurement losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar; (3) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion recorded by Old GM prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion driven by the general strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a charge of $1.1 billion related to the SUB and TSP, partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program; (8) charges of $0.4 billion primarily for impairments for special-tooling and product related machinery and equipment; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges at NUMMI and our proportionate share of losses at CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

In the year ended December 31, 2008 EBIT was a loss of $12.2 billion and included: (1) charges of $6.0 billion related to restructuring and other costs associated with Old GM's special attrition programs; (2) advertising and sales promotion expenses of $4.0 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.8 billion; (4) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (5) selling and marketing expenses of $0.9 billion related to our dealerships; (6) losses of $0.8 billion related to commodity and foreign currency exchange derivatives; (7) impairment charges related to product-specific tooling assets of $0.4 billion; and (8) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW partially offset by (9) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; and (10) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar.

GM Europe
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 24,076	$ 11,479	$ 12,552	$ 34,647
Loss attributable to stockholders before interest and income taxes	$ (1,764)	$ (814)	$ (2,815)	$ (2,625)

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	1,234	1,106	1,495

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
Germany	269	8.4%	382	9.4%	300	8.8%
United Kingdom	290	12.7%	287	12.9%	384	15.4%
Italy	170	7.9%	189	8.0%	202	8.3%
Russia	159	8.0%	142	9.4%	338	11.2%
Uzbekistan	145	97.1%	103	95.8%	20	18.8%
France	123	4.6%	119	4.4%	114	4.4%
Spain	100	8.9%	94	8.7%	107	7.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GME Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$ 24,076	$ 24,031	$11,479	$12,552	$ 34,647	$ 45	0.2%	$(10,616)	(30.6)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) primarily due to: (1) increased wholesale volumes of $0.5 billion representing 38,000 vehicles (or 3.1%) primarily due to 31,000 Buick Regals exported to the U.S., and increases in Turkey by 17,000 vehicles (or 68.9%), in Russia by 14,000 vehicles (or 48.9%), in the United Kingdom by 13,000 vehicles (or 5.0%), in the Netherlands by 12,000 vehicles (or 37.8%), in Portugal by 11,000 vehicles (or 103.0%), in Italy by 11,000 (or 9.0%), partially offset by a decrease in Germany of 113,000 vehicles (or 33.0%) driven by the end of the government subsidies program. The net wholesale volume increase was offset by a decrease in wholesale volumes throughout the region of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion primarily due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, primarily due to the weakening of the Euro and British Pound against the U.S. Dollar; and (5) lower volumes of rental car activity and subsequent repurchases sold at auction of $0.2 billion.

In the year ended December 31, 2009 Total net sales and revenue decreased by $10.6 billion (or 30.6%) primarily due to: (1) decreased wholesale volumes of $4.8 billion representing 405,000 vehicles (or 24.8%) primarily due to decreases in the United Kingdom by 99,000 vehicles (or 26.7%), in Russia by 69,000 vehicles (or 70.2%), in Italy by 25,000 vehicles (or 16.8%), and exports to the U.S. by 33,000 vehicles (or 94.4%), partially offset by an increase in Germany by 65,000 vehicles (or 23.4%) driven by the government subsidy program. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates, a recession in many international markets, Old GM's well publicized liquidity issues and Chapter 11 Proceedings and the announcement that Old GM was seeking a majority investor in Adam Opel; (2) unfavorable net foreign currency translation and transaction effect of $3.7 billion driven primarily by the strengthening of the U.S. Dollar against the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) decreased powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing effect of $1.3 billion.

GME Loss Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Loss attributable to stockholders before interest and income taxes	$ (1,764)	$ (814)	$ (2,815)	$ (2,625)

GM

In the year ended December 31, 2010 EBIT was a loss of $1.8 billion and included: (1) restructuring charges of $0.8 billion primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion primarily related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $2.8 billion and included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; (3) impairment charges of $0.2 billion related to product-specific tooling assets; and (4) operating losses of $0.2 billion related to Saab.

In the year ended December 31, 2008 EBIT was a loss of $2.6 billion and included: (1) advertising and sales promotion expenses of $1.3 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.7 billion; (3) selling and marketing expenses of $0.7 billion related to our dealerships; (4) special tooling and product related machinery and equipment asset impairment charges of $0.5 billion; (5) goodwill impairment charges of $0.5 billion; and (6) restructuring charges of $0.3 billion primarily related to separation programs announced in Belgium, France, Germany and the United Kingdom.

GM International Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 21,470	$ 8,567	$ 6,218	$ 24,050
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume			
Consolidated entities	1,016	752	1,153
Joint ventures			
SGMW (a)	1,256	1,109	646
SGM	1,037	712	439
FAW-GM (a)	86	43	—
Other	350	61	97
Total production volume	3,745	2,677	2,335

(a) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)(f)						
Total GMIO	3,077	8.8%	2,453	8.7%	1,832	7.4%
Vehicle sales– consolidated entities						
Australia	133	12.8%	121	12.9%	133	13.1%
Middle East Operations	123	10.7%	117	11.1%	144	9.3%
South Korea	127	8.1%	115	7.9%	117	9.7%
Egypt	68	27.2%	52	25.5%	60	23.1%
Vehicle sales–primarily joint ventures (f)						
China (g)(h)	2,352	12.8%	1,826	13.3%	1,095	12.1%
India	110	3.7%	69	3.1%	66	3.3%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Includes HUMMER vehicle sales data.

(c) Vehicle sales data may include rounding differences.

(d) Our vehicle sales include Saab data through February 2010.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(f) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(g) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(h) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GMIO Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$ 21,470	$ 14,785	$ 8,567	$6,218	$ 24,050	$ 6,685	45.2%	$ (9,265)	38.5%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $6.7 billion (or 45.2%) primarily due to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) primarily in the Middle East by 35,000 vehicles (or 28.2%) and in GM Daewoo by 100,000 vehicles (or 21.1%). The primary driver for the increase in wholesale volumes was the global economic recovery, together with the effect of launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $0.9 billion, primarily due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) favorable vehicle pricing effect of $0.1 billion, primarily due to higher pricing on new model launches at GM Daewoo; and (5) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, primarily driven by the weakening of the Korean Won against the U.S. Dollar in that period. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

In the year ended December 31, 2009 Total net sales and revenue decreased by $9.3 billion (or 38.5%) primarily due to: (1) decreased wholesale volumes and lower exports of $9.1 billion representing 460,000 vehicles (or 31.6%) primarily in GM Daewoo by 247,000 vehicles (or 34.2%), in the Middle East by 103,000 vehicles (or 45.4%), in Australia by 59,000 vehicles (or 32.6%) and in Thailand by 53,000 vehicles (or 69.7%). The decrease in wholesale volumes was primarily due to tight credit markets, increased unemployment rates and Old GM's well publicized liquidity issues and Chapter 11 Proceedings. These unfavorable trends were partially offset by many countries lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales volumes; (2) unfavorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of the U.S. Dollar against the Korean Won and Australian Dollar in 2009, partially offset by (3) decreased derivative losses of $0.9 billion at GM Daewoo; and (4) favorable vehicle mix of $0.3 billion driven by launches of new vehicle models at GM Daewoo.

The vehicle sales related to our China and India (GM India was deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax.

GMIO Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

GM

In the year ended December 31, 2010 EBIT was $2.3 billion and included: (1) Equity income, net of tax, of $1.3 billion from the operating results of our China JVs; (2) favorable change in fair value of $0.1 billion from derivatives driven by the stronger Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion primarily to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of GM Daewoo and General Motors Egypt (GM Egypt) of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion related to labor costs in the selling department across GMIO and also costs incurred in the establishment of the Korean direct dealership network.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.8 billion and included: (1) favorable depreciation of fixed assets of $0.3 billion resulting from lower balances; and (2) favorable adjustments of $0.1 billion in Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was

Table of Contents

recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort; partially offset by (3) administrative expenses of $0.5 billion; (4) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; (5) selling and marketing expenses of $0.1 billion; and (6) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Daewoo; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.3 billion primarily from the operating results of our China JVs; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

In the year ended December 31, 2008 EBIT was a loss of $0.6 billion and included: (1) derivative losses of $1.7 billion at GM Daewoo; (2) administrative expenses of $0.9 billion; (3) advertising and sales promotion expenses of $0.8 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.4 billion primarily from the operating results of our China JVs; (5) selling and marketing expenses of $0.2 billion; and (6) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

GM South America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 15,379	$ 7,399	$ 5,736	$ 14,522
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	926	807	865

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)						
Total GMSA	1,026	19.9%	872	20.0%	920	20.7%
Brazil	658	18.7%	596	19.0%	549	19.5%
Argentina	109	16.3%	79	15.2%	95	15.5%
Colombia	85	33.6%	67	36.1%	80	36.3%
Ecuador	53	40.8%	40	43.3%	48	42.2%
Venezuela	51	40.6%	49	36.1%	90	33.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Vehicle sales data may include rounding differences.

(c) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMSA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 15,379	$ 13,135	$ 7,399	$5,736	$ 14,522	$ 2,244	17.1%	$ (1,387)	(9.6)%

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) primarily due to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) primarily in Brazil by 72,000 vehicles or (11.7%), in Argentina by 32,000 vehicles (or 41.4%) and in Colombia by 21,000 vehicles (or 32.9%) driven by launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar such as the Brazilian Real and Colombian Peso; (3) favorable vehicle pricing effect of $0.3 billion, primarily in Venezuela driven by the hyperinflationary economy; partially offset by (4) devaluation of the BsF in Venezuela of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion driven by increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

In the year ended December 31, 2009 Total net sales and revenue decreased by $1.4 billion (or 9.6%) due to: (1) decreased wholesale volumes of $2.2 billion representing 30,000 vehicles (or 3.3%) primarily in Venezuela by 37,000 vehicles (or 44.1%), in Argentina by 19,000 vehicles (or 19.8%) and in Colombia by 13,000 vehicles (or 16.6%); partially offset by (2) favorable pricing effect of $0.4 billion primarily due to price increases in Venezuela driven by the hyperinflationary economy; and (3) increased wholesale volumes in Brazil of $0.2 billion representing 56,000 vehicles (or 10.0%).

GMSA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 EBIT was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion primarily due to foreign currency exchanges done at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

In the year ended December 31, 2008 EBIT was $1.1 billion and included: (1) administrative expenses of $0.4 billion; (2) foreign currency transaction losses of $0.3 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (3) advertising and sales promotion expenses of $0.2 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

Three Months Ended December 31, 2010

	Successor
	Three Months Ended December 31, 2010
Total revenue	$ 281
Income before income taxes	$ 129

In the three months ended December 31, 2010 Total revenue included finance charge income of $264 million and other income of $17 million. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010. The effective yield represents finance charges and fees recorded in earnings and the accretion of the purchase accounting premium during the period as a percentage of average finance receivable.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average finance receivables (dollars in millions):

	Successor	
	Three Months Ended December 31, 2010	
Finance charge income	$ 264	12.1%
Other income	17	0.8%
Interest expense	(37)	(1.7)%
Net GM Financial margin	$ 244	11.2%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Income Before Income Taxes

In the three months ended December 31, 2010 results included: (1) Total revenue of $281 million; partially offset by (2) operating and leased vehicle expenses of $73 million; (3) interest expense of $37 million; (4) provision for loan losses of $26 million; and (5) acquisition expenses of $16 million. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, other unsecured debt and the amortization of the purchase accounting premium.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 134	$ 141	$ 327	$ 1,206
Net income (loss) attributable to stockholders	$ (877)	$ 176	$123,902	$ (16,677)

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 134	$ 468	$ 141	$ 327	$ 1,206	$ (334)	(71.4)%	$ (738)	(61.2)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) primarily due to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

In the year ended December 31, 2009 Total net sales and revenue decreased by $0.7 billion (or 61.2%) primarily due to decreased lease financing revenue of $0.7 billion related to the liquidation of the portfolio of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the years ended December 31, 2009 and 2008.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Corporate Net Income (Loss) Attributable to Stockholders
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net income (loss) attributable to stockholders	$ (877)	$ 176	$123,902	$ (16,677)

GM

In the year ended December 31, 2010 results included: (1) Interest expense of $1.1 billion comprised of interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes, interest expense of $0.3 billion on GMNA debt, and interest expense of $0.4 billion on GMIO and GMSA debt; (2) income tax expense of $0.6 billion primarily related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion primarily related to consultants and services provided by outside companies; partially offset by (4) interest income of $0.4 billion earned primarily on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the appreciation of the Canadian Dollar versus the U.S. Dollar; and (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements; (2) amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion; (3) a gain recorded on the UST Ally Financial Loan of $2.5 billion upon the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests in Ally Financial, which gain resulted from the difference between the fair value and the carrying amount of the Ally Financial equity interests given to the UST in exchange for the UST Ally Financial Loan. The gain was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; (4) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; partially offset by (5) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Facility; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

In the year ended December 31, 2008 results included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial's Common Membership Interests; (2) charges of $4.8 billion related to the Delphi Benefit Guarantee Agreements; (3) interest expense of $2.5 billion primarily composed of interest expense of $1.6 billion on Old GM's unsecured bonds, interest expense of $0.4 billion on Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure and interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan; (4) income tax expense of $1.8 billion related to valuation allowances against deferred tax assets in South Korea, the United Kingdom, Spain, and Australia; (5) impairment charges of $1.0 billion related to Old GM's investment in Ally Financial's Preferred Membership Interests; (6) servicing fees, interest, and depreciation expenses of $1.0 billion on the portfolio of automotive retail leases; partially offset by (7) global interest income of $0.6 billion driven primarily by investments in GMSA and GME.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward, which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) pension and OPEB payments; (2) continuing capital expenditures; (3) spending to implement long-term cost savings and restructuring plans such as restructuring our Opel/Vauxhall operations and potential capacity reduction programs; (4) reducing our overall debt levels; (5) increase in accounts receivable due to the termination of a wholesale advance agreement with Ally Financial; and (6) certain South American income and indirect tax-related administrative and legal proceedings may require that we deposit funds in escrow or make payments which may range from $0.8 billion to $1.0 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Recent Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position including actively evaluating the possible sale of non-core cost or equity method investments or other positions which could be significantly positive to our cash flow and/or earnings in the near-term.

In the year ended December 31, 2010 we made net investments of $5.4 billion in highly liquid marketable securities instruments with maturities exceeding 90 days. Previously, these funds would have been invested in short-term instruments less than 90 days and classified as a component of Cash and cash equivalents. Investments in these longer-term securities will increase the interest we earn on these investments. We continue to monitor our investment mix and may reallocate investments based on business requirements.

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result we have decided to fund the requirements of Opel/Vauxhall internally. Opel/Vauxhall subsequently withdrew all applications for government loan guarantees from European governments. Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

In October 2010 we completed our acquisition of AmeriCredit for cash of approximately $3.5 billion and changed the name from AmeriCredit to GM Financial. We funded the transaction using cash on hand.

The repayment of debt remains a key strategic initiative. We continue to evaluate potential debt repayments prior to maturity. Any such repayments may negatively affect our liquidity in the short-term. In 2010 GM Daewoo repaid in full and retired its $1.2 billion revolving credit facility. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion. In July 2010 our Russian subsidiary repaid a loan facility of $150 million to cure a technical default. In March and April 2010 we repaid the remaining amounts owed under the UST Loans of $5.7 billion and Canadian Loan of $1.3 billion.

As described more fully below in the section entitled "Secured Revolving Credit Facility" in October 2010 we entered into a $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility are needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility.

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. We received net proceeds from the Series B Preferred Stock offering of $4.9 billion. Refer to the section below entitled "Series B Preferred Stock Issuance" for additional detail.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In December 2010 we purchased 84 million shares of our Series A Preferred Stock, which accrued cumulative dividends at a 9.0% annual rate, from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount pursuant to an agreement that we entered into with the UST in October 2010. We purchased the Series A Preferred Stock from the UST on the first dividend payment date for the Series A Preferred Stock after the completion of our common stock offering, December 15, 2010.

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion of cash in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada. The wholesale advance agreements cover the period for which vehicles are in transit between assembly plants and dealerships. We will no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered, resulting in an average increase of approximately $2.0 billion to our accounts receivable balance, depending on sales volumes and certain other factors, and the related costs under the arrangements were eliminated.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to minimize our outstanding debt.

Automotive

Available Liquidity

Available liquidity includes cash balances and marketable securities. At December 31, 2010 available liquidity was $26.6 billion, not including funds available under credit facilities of $5.9 billion or in the Canadian HCT escrow account of $1.0 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity using U.S. cash investments, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Available liquidity	26,616	22,813
Available under credit facilities	5,919	618
Total available liquidity	32,535	23,431
UST and HCT escrow accounts (a)	1,008	13,430
Total liquidity including UST and HCT escrow accounts	$ 33,543	$ 36,861

(a) Classified as Restricted cash and marketable securities. Refer to Note 15 to our consolidated financial statements for additional information on the classification of the escrow accounts. The remaining funds held in the UST escrow account were released in April 2010 following the repayment of the UST Loans and Canadian Loan.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 primarily due to positive cash flows from operating activities of $6.6 billion, investing activities less net marketable securities acquisitions of $6.1 billion and a $5.3 billion increase in amounts available under credit facilities, which were partially offset by negative cash flows from financing activities of $9.3 billion.

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.6 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

VEBA Assets

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 UAW Retiree Settlement Agreement. The VEBA assets were not consolidated after the settlement was recorded at December 31, 2009 because we did not hold a controlling financial interest in the entity that held such assets at that date. Under the terms of the 2009 UAW Retiree Settlement Agreement we had an obligation for VEBA Notes of $2.5 billion and accreted interest, at an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Under the terms of the 2009 UAW Retiree Settlement Agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 UAW Retiree Settlement Agreement.

Series B Preferred Stock Issuance

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The applicable market value of our common stock means the average of the closing prices per share of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. The conversion ratios for optional and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. We received net proceeds from the issuances of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and made a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

UST Loans and Canadian Loan

UST Loans

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. Proceeds of the UST Credit Agreement of $16.4 billion were deposited in escrow to be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed an amendment to the UST Credit Agreement to provide for quarterly repayments of our UST Loans. Under this amendment, we agreed to make quarterly payments of $1.0 billion to the UST. In December 2009 and March 2010 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion. The UST Loans were repaid prior to maturity. Amounts borrowed under the UST Credit Agreement may not be reborrowed.

At December 31, 2009 $12.5 billion of the proceeds of the UST Credit Agreement remained deposited in escrow. Any unused amounts in escrow on June 30, 2010 were required to be used to repay the UST Loans and Canadian Loan on a pro rata basis if the loans were not paid in full. At December 31, 2009 the UST Loans and Canadian Loan were classified as short-term debt based on these terms.

Following the repayment of the UST Loans and the Canadian Loan, the remaining funds that were held in escrow became unrestricted and the availability of those funds is no longer subject to the conditions set forth in the UST Credit Agreement.

The UST Loans accrued interest equal to the greater of the three month London Interbank Offering Rates (LIBOR) rate or 2.0%, plus 5.0%, per annum, unless the UST determined that reasonable means did not exist to ascertain the LIBOR rate or that the LIBOR rate would not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate would have been the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We were required to prepay the UST Loans on a pro rata basis (among the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. At December 31, 2009 the UST Loans accrued interest at 7.0%.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Refer to Note 19 to our consolidated financial statements for additional details on the UST Loans.

Canadian Loan

On July 10, 2009, through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In November 2009 we signed an amendment to the Canadian Loan Agreement to provide for quarterly repayments of the Canadian Loan. Under this amendment, we agreed to make quarterly repayments of $192 million to EDC. In December 2009 and March 2010 we made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. The Canadian Loan was repaid prior to maturity. GMCL cannot reborrow under the Canadian Loan Agreement. The Canadian Loan accrued interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest was payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the NAFTA region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 19 to our consolidated financial statements for additional details on the Canadian Loan.

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the year ended December 31, 2010 (dollars in millions):

	Successor		
Description of Funding Commitment	January 1, 2010 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2010 Total Obligation
UST Loan	$ 5,712	$ (5,712)	$ —
Canadian Loan	1,233	(1,233)	—
Total	$ 6,945	$ (6,945)	$ —

(a) Includes an increase due to a foreign currency exchange loss on the Canadian loan of $56 million.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
Description of Funding Commitment	July 10, 2009 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2009 Total Obligation
UST Loan (b)	$ 7,073	$ (1,361)	$ 5,712
Canadian Loan	1,292	(59)	1,233
Total	$ 8,365	$ (1,420)	$ 6,945

(a) Includes an increase due to a foreign currency exchange loss on the Canadian Loan of $133 million.

(b) Includes $361 million which the UST loaned to Old GM under the warranty program and which was assumed by GM and repaid on July 10, 2009.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor December 31, 2008 Through July 9, 2009		
Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Funding			
UST Loan Agreement	$ 19,761	$ 1,172	$ 20,933
DIP Facility — UST (b)	30,100	2,008	32,108
Total UST Funding (c)	49,861	3,180	53,041
EDC Funding			
EDC funding (d)	6,294	161	6,455
DIP Facility — EDC	3,200	213	3,413
Total EDC Funding	9,494	374	9,868
Total UST and EDC Funding	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also does not include amounts advanced under the UST GMAC Loan as the UST exercised its option to convert this loan into GMAC Preferred Membership Interests previously held by Old GM in May 2009.

(d) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the effect of the 363 Sale on the amounts owed to the UST and the EDC under the UST Loan Agreement, the DIP Facility and the EDC Loan Facility (dollars in millions):

	363 Sale		
Description of Funding Commitment	Total Obligation	Effect of 363 Sale	GM Obligation Subsequent to 363 Sale
Total UST Funding	$ 53,041	$(45,968)	$ 7,073
Total EDC Funding	9,868	(8,576)	1,292
Total UST and EDC Funding	$ 62,909	$(54,544)	$ 8,365

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo. If the secured revolving credit facility is rated investment grade by two or more of the credit rating agencies (S&P, Moody’s and Fitch) the requirement to provide collateral is eliminated.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under ERISA;
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for facilities of this nature.

Credit Facilities

We make use of credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. These credit facilities are typically held at the subsidiary level and are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities at the dates indicated (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Committed	$ 6,142	$ 1,712	$ 5,475	$ 223
Uncommitted	490	842	444	395
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
Credit Facilities	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Secured Revolving Credit Facility	$ 5,000	$ —	$ 5,000	$ —
GM Daewoo	—	1,179	—	—
Brazil	466	425	2	77
GM Hong Kong	400	200	370	200
Other(a)	766	750	547	341
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

(a) Consists of credit facilities available primarily at our foreign subsidiaries that are not individually significant.

At December 31, 2010 we had committed credit facilities of $6.1 billion, under which we had borrowed $667 million leaving $5.5 billion available. The secured revolving credit facility comprised $5.0 billion of the amounts available under committed credit

Table of Contents

facilities and other committed credit facilities had $475 million available. At December 31, 2010 we had uncommitted credit facilities of $490 million, under which we had borrowed $46 million leaving $444 million available. Uncommitted credit facilities include lines of credit which are available to us, but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

In 2010 GM Daewoo repaid in full and retired its Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility.

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo comprised $1.2 billion and other entities had $0.5 billion. At December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available.

At December 31, 2009 our largest credit facility was GM Daewoo's Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

Restricted Cash and Marketable Securities

Following the repayment of the UST Loans and the Canadian Loan in April 2010 as previously discussed, the remaining UST escrow funds of $6.6 billion were released from escrow and became unrestricted as the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Pursuant to an agreement among GMCL, EDC and an escrow agent we had $1.0 billion remaining in an escrow account at December 31, 2010 to fund certain of GMCL's healthcare obligations pending the satisfaction of certain preconditions which have not yet been met.

In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion primarily due to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion primarily related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion primarily related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion primarily due to: (1) favorable managed working capital of $5.7 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion primarily due to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended December 31, 2008 Old GM had negative cash flows from operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion primarily due to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion primarily related to withdrawals from the UST Credit Agreement escrow account; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion primarily due to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion primarily due to: (1) increase in Restricted cash and marketable securities of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended December 31, 2008 Old GM had negative cash flows from investing activities of $1.8 billion primarily related to: (1) capital expenditures of $7.5 billion; (2) an increase in notes receivable of $0.4 billion; partially offset by (3) liquidations of operating leases of $3.6 billion; (4) net liquidations of marketable securities in an amount of $2.1 billion; (5) proceeds for the sale of real estate, plants and equipment of $0.3 billion; and (6) proceeds from the sale of business units and equity investments of $0.2 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Financing Activities

GM

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion primarily due to: (1) repayments on the UST Loans and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Daewoo's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the Receivables Program of $0.2 billion; (7) debt issuance fees of $0.2 billion primarily related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Loans of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the German Facility of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST Ally Financial Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended December 31, 2008 Old GM had positive cash flows from financing activities of $3.8 billion primarily related to: (1) borrowings on debt facilities of $5.9 billion; (2) borrowing on the UST Loan Facility of $4.0 billion; partially offset by (3) a net decrease in short-term debt of $4.1 billion; (4) debt repayments of $1.7 billion; and (5) dividend payments on Old GM common stock of $0.3 billion.

Net Liquid Assets

Management believes the use of net liquid assets provides meaningful supplemental information regarding our liquidity. We believe net liquid assets is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision making to assist in identifying resources available to meet cash requirements. Our calculation of net liquid assets may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of net liquid assets has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Cash and cash equivalents and Debt. Due to these limitations, net liquid assets is used as a supplement to U.S. GAAP measures.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net liquid assets balances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
UST Credit Agreement escrow and HCT escrow	1,008	13,430
Total liquid assets	27,624	36,243
Short-term debt and current portion of long-term debt	(1,616)	(10,221)
Long-term debt	(3,014)	(5,562)
Net liquid assets	$ 22,994	$ 20,460

Total liquid assets of $27.6 billion exceeded our debt balances by $23.0 billion at December 31, 2010. The net liquid asset balance of $23.0 billion at December 31, 2010 represented an increase of $2.5 billion compared to a net liquid assets balance of $20.5 billion at December 31, 2009. The change was due to an increase of $5.4 billion in Marketable securities and a decrease of $11.2 billion in Short-term and Long-term debt, partially offset by a reduction of $12.4 billion in the UST Credit Agreement and the HCT escrow balances and a reduction of $1.6 billion in Cash and cash equivalents. The decrease in Short-term and Long-term debt primarily related to: (1) repayment in full of the UST Loans of $5.7 billion; (2) repayment in full of the VEBA Notes (together with accrued interest thereon)of $2.8 billion; (3) repayment in full of the Canadian Loan of $1.3 billion; (4) repayment in full of the GM Daewoo revolving credit facility of $1.2 billion; and (5) repayment in full of the loans related to the Receivables Program of $0.2 billion.

Other Liquidity Issues

Receivables Program

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM and Chrysler LLC. The Receivables Program was to be funded by a loan facility of up to $2.5 billion provided by the UST and by capital contributions from us up to $125 million. In connection with the 363 Sale, we assumed the obligation of the Receivables Program. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

Loan Commitments

We have extended loan commitments to affiliated companies and critical business partners. These commitments can be triggered under certain conditions and expire in the years ranging from 2011 to 2014. At December 31, 2010 we had a total commitment of $600 million outstanding with no amounts loaned.

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch Ratings (Fitch), Moody's Investor Service (Moody's), and Standard & Poor's (S&P). The ratings indicate the agencies' assessment of a company's creditworthiness such as its ability to timely pay principal and interest on debt securities, dividends on preferred securities and other contractual obligations. Lower credit ratings generally represent higher borrowing costs and reduced access to capital markets for a company. The agencies consider a number of business and financial factors when determining ratings including, but not limited to, our competitive position, sustainability of our profits and cash flows, our balance sheet and liquidity profile and our ability to meet obligations under adverse economic scenarios.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

DBRS, Moody's, Fitch, and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2011:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB	BBB (low)	N/A	Stable
Fitch	BB-	BB+	N/A	Stable
Moody's	Ba2	Baa3	N/A	Stable
S&P	BB-	BB+	N/A	Positive

Rating actions taken by each of the credit rating agencies from October 6, 2010 through February 15, 2011 were as follows:

DBRS: October 2010 — Assigned an initial Corporate rating of BB and a rating of BBB (low) to our secured revolving credit facility.

Fitch: October 2010 — Assigned an initial Corporate rating of BB- (affirmed in November 2010) and a rating of BB+ to our secured revolving credit facility.

Moody's: October 2010 — Assigned an initial Corporate rating of Ba2 and assigned a rating of Baa3 to our secured revolving credit facility.

S&P: October 2010 — Assigned an initial Corporate rating of BB- and a rating of BB+ to our secured revolving credit facility. February 2011 — Outlook revised to positive from stable.

The initial ratings assigned by the agencies are an important step towards our objective to attain an investment grade credit rating over the long-term by maintaining a strong balance sheet and reducing financial leverage.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. As a practical matter, our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions and collections, recoveries on finance receivables and net proceeds from senior notes and convertible senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities, repurchases of unsecured debt and operating expenses.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. Generally, these purchases are funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor December 31, 2010
Cash and cash equivalents	$ 195
Borrowing capacity on unpledged eligible receivables	272
Total liquidity	$ 467

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy. The following table summarizes credit facilities at December 31, 2010 (dollars in millions):

	Successor	
	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$ 1,300	$ 278
Medium-term note facility (b)		490
Bank funding facilities (c)		64
Total		$ 832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(c) The revolving period under this facility has ended and the outstanding debt balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ 7,099
Impairment charges related to investment in Ally Financial common stock	—	270	—	—
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	1,001
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	—	(4,901)
Net contingent Adjustment Shares issuable to MLC	(162)	162	—	—
Salaried post-65 healthcare settlement	—	—	—	1,704
Impairment charges related to equipment on operating leases	49	18	63	759
Impairment charges related to long-lived assets	240	2	566	1,010
Impairment charges related to investments in equity and cost method investments	—	4	28	119
Other than temporary impairments charges related to debt and equity securities	—	—	11	62
Impairment charges related to goodwill	—	—	—	610
Gain on the acquisition of GMS	(66)	—	—	—
UAW OPEB healthcare settlement	—	2,571	—	—
CAW settlement	—	—	—	340
Loss (gain) on extinguishment of debt	—	—	(906)	—
Loss on extinguishment of UST Ally Financial Loan	—	—	1,994	—
Gain on conversion of UST Ally Financial Loan	—	—	(2,477)	—
Reorganization gains, net	—	—	(128,563)	—
Valuation allowances against deferred tax assets (a)	(63)	(63)	(751)	1,450
Total significant non-cash charges (gains)	$ (2)	$ 2,964	$(130,035)	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period. Refer to Note 23 to the consolidated financial statements.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2010 all legal funding requirements had been met.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$ 4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$ 4,872	$ 4,318	$ 586	$ 1,067

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of cash of $4.0 billion in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011.

The following table summarizes the underfunded status of pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. hourly and salaried	$ 11.5	$ 16.2
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	12.4	17.1
Non-U.S.	9.8	10.3
Total underfunded	$ 22.2	$ 27.4

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $12.4 billion and $17.1 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to the actual return on plan assets of $11.6 billion and contributions of $4.1 billion, partially offset by actuarial losses primarily attributable to discount rate decreases of $5.3 billion and service and interest costs of $5.7 billion.

On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $9.8 billion and $10.3 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to: (1) actual return on plan assets of $1.2 billion; (2) employer contributions and benefit payments of $0.8 billion; (3) net favorable foreign currency translations of $0.3 billion; partially offset by (4) service and interest costs of $1.6 billion; and (5) actuarial losses and other of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the underfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. OPEB plans	$ 5.7	$ 5.8
Non-U.S. OPEB plans.	4.2	3.8
Total underfunded	$ 9.9	$ 9.6

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2011	$ 8,765	$ 1,460	$ 451	$ 189
2012	$ 8,463	$ 1,461	$ 427	$ 199
2013	$ 8,186	$ 1,480	$ 407	$ 209
2014	$ 7,999	$ 1,513	$ 391	$ 220
2015	$ 7,855	$ 1,534	$ 379	$ 231
2016-2020	$36,033	$ 7,889	$ 1,796	$ 1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

We do not currently utilize off balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2010 and 2009.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $581 million at December 31, 2010. The maximum potential obligation under these commitments was $1.0 billion at December 31, 2009.

In May 2009 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends in August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $18.8 billion at December 31, 2010. This amount was estimated to be $14.2 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $21 million and $46 million at December 31, 2010 and 2009 which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 22 and 32 to our consolidated financial statements for additional information on guarantees we have provided.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2010 (dollars in millions):

	Payments Due by Period				
	2011	2012-2013	2014-2015	2016 and after	Total
Automotive debt (a)	$ 1,488	$ 1,014	$ 160	$ 3,209	$ 5,871
Automotive Financing debt (b)	3,495	2,658	766	—	6,919
Capital lease obligations	127	138	99	297	661
Automotive interest payments (c)	169	280	308	683	1,440
Automotive Financing interest payments (d)	175	146	40	1	362
Postretirement benefits (e)	469	164	—	—	633
Contractual commitments for capital expenditures	1,165	2	—	—	1,167
Operating lease obligations (f)	460	609	401	492	1,962
Other contractual commitments:					
Material	1,071	1,541	322	73	3,007
Information technology	956	156	16	—	1,128
Marketing	761	393	200	136	1,490
Facilities	146	151	65	10	372
Rental car repurchases	4,309	—	—	—	4,309
Policy, product warranty and recall campaigns liability	2,884	3,151	790	206	7,031
Other	87	33	—	—	120
Total contractual commitments (g) (h) (i)	$17,762	$10,436	$3,167	$ 5,107	$36,472
Non-contractual postretirement benefits (j)	$ 171	$ 1,078	$1,221	$21,182	$23,652

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2010.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2010.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2011 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption “Required Pension Funding Obligations.”

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2010.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2010.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2011 to 2014 related to our Opel/Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2010 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

The table above does not reflect unrecognized tax benefits of $5.2 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. We expect to settle a contested income tax matter in GMSA for cash of $0.2 billion in 2011.

The table above also does not reflect certain contingent loan and funding commitments that we have made with suppliers, other third parties and certain joint ventures. At December 31, 2010 we had commitments of $0.6 billion under these arrangements that were undrawn.

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the PPA of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. The PPA also provides the flexibility of selecting a 3-Segment rate up to the preceding five months from the valuation date of October 1, 2010, i.e., the 3-Segment rate at May 31, 2010. Therefore, for a hypothetical funding valuation at December 31, 2010 we have assumed the 3-Segment rate at May 31, 2010 as the base for funding interest rate that we could use for the actual funding valuation. Since this hypothetical election does not limit us to only using the 3-Segment rate beyond 2010, we have assumed that we retain the flexibility of selecting a funding interest rate based on either the Full Yield Curve method or the 3-Segment method. A hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation, and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016.

Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation and assuming the December 31, 2010 3-Segment interest rate for all future valuation projects contributions of $0.3 billion in 2016.

In both cases, we have assumed that the pension plans earn the expected return of 8.0% in the future and no changes in funding rates. U.S. pension funding interest rate and return on assets rate sensitivity are shown below, assuming the 3-segment rate at May 31, 2010 for plan year beginning on October 1, 2010 funding valuation and the full yield curve interest rate for all future valuations (in billions):

	Funding Interest Rate Sensitivity Table					Estimated Return on Assets– 7% - 100 basis point decrease
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	
2011	$ —	$ —	$ —	$ —	$ —	$ —
2012	$ —	$ —	$ —	$ —	$ —	$ —
2013	$ —	$ —	$ —	$ —	$ —	$ —
2014	$ —	$ —	$ —	$ —	$ 0.5	$ —
2015	$ —	$ 0.7	$ 2.3	$ 4.0	$ 5.1	$ 3.1
2016	$ 0.7	$ 1.5	$ 1.2	$ 1.0	$ 0.8	$ 2.9

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. This was a voluntary contribution and the amount is reflected in the plan assets used to project the future required contributions above since the contributed shares qualify as a plan asset for funding purposes immediately. The contributed shares will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011.

The hypothetical valuations do not consider the potential election of relief provisions that are available to us under the Pension Relief Act of 2010 (PRA) for 2010 and 2011 plan year valuations.

We expect to contribute $95 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2011.

Fair Value Measurements

Automotive

At December 31, 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. We have transferred these liabilities to Level 2.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2010 we used Level 3 inputs to measure net liabilities of $14 million (or less than 0.1%) of our total liabilities. These net liabilities included $10 million (or less than 0.1%) of the total assets, and $24 million (or 16.4%) of the total liabilities that we measured at fair value.

In the year ended December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was primarily due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010.

At December 31, 2010 our nonperformance risk remains unobservable through a liquid credit default swap market. During the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents significant input in the determination of the fair value of our derivatives. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. These net liabilities included $33 million (or 0.1%) of the total assets, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value. At December 31, 2009 we also included a nonperformance risk adjustment of $47 million in the fair value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

For periods presented from June 1, 2009 through September 30, 2009 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. Foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the year ended December 31, 2010 and the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Automotive Financing

At December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps – Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are not exchange traded but instead traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments, and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010	Year Ended December 31, 2010 Total
Series A Preferred Stock (a)	$ 202	$ 203	$ 202	$ 203	$ 810
Series B Preferred Stock (b)	—	—	—	—	—
Total Preferred Stock dividends paid	$ 202	$ 203	$ 202	$ 203	$ 810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST.

(b) At December 31, 2010 cumulative unpaid dividends on our Series B Preferred Stock was $25 million.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended December 31, 2009	July 10, 2009 Through September 30, 2009	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$ 203	$ 146	$ 349

(a) Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result, $105 million of the $146 million of dividends paid in the three months ended September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry SAAR of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analysis. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 to our consolidated financial statements for additional discussion of Restricted cash and marketable securities.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" (ASC 712) and ASC 715 and deferred income taxes were recorded in accordance with ASC 740.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 to our consolidated financial statements for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009		Effect on Per Share Value at July 10, 2009	
Two percentage point decrease in WACC	+$	2.9	+$	2.35
Two percentage point increase in WACC	–$	2.4	–$	1.92
One percentage point increase in long-term growth rate	+$	0.5	+$	0.40
One percentage point decrease in long-term growth rate	–$	0.5	–$	0.37

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to significant events, including those discussed in Note 20 to our consolidated financial statements, certain of the pension plans were remeasured at various dates in the year ended December 31, 2010, the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated return assumptions for equities and equity-like asset classes. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets at December 31, 2010 used to determine U.S. and non-U.S. net periodic pension income for the year ending December 31, 2011 was $4.1 billion and $0.3 billion lower than the actual fair value of plan assets at December 31, 2010.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process to determine the discount rate based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2010. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. approach. The discount rates for plans in the United Kingdom and Germany use a curve derived from high quality corporate bonds with maturities consistent with the plans' underlying duration of expected benefit payments.

The following table summarizes rates used to determine net pension expense:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average expected long-term rate of return on U.S. plan assets	8.48%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.42%	7.97%	7.74%	7.78%
Weighted-average discount rate for U.S. plan obligations	5.36%	5.63%	6.27%	6.56%
Weighted-average discount rate for non-U.S. plan obligations	5.19%	5.82%	6.23%	5.77%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
Unamortized actuarial gain	$ 2.9	$ 3.0

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. actual return	$ 11.6	$ 9.9	$ (0.2)	$ (11.4)
U.S. expected return	$ 6.6	$ 3.0	$ 3.8	$ 8.0
Non-U.S. actual return	$ 1.2	$ 1.2	$ 0.2	$ (2.9)
Non-U.S. expected return	$ 1.0	$ 0.4	$ 0.4	$ 1.0

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
25 basis point decrease in discount rate	–$ 110	+$ 2,540	–$ 7	+$ 714
25 basis point increase in discount rate	+$ 90	–$ 2,470	+$ 10	–$ 677
25 basis point decrease in expected return on assets	+$ 210	—	+$ 35	—
25 basis point increase in expected return on assets	–$ 210	—	–$ 35	—

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense and the pension obligations do not consider any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. We do not have a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2010, as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
One percentage point increase in benefit units	+$ 81	+$ 240
One percentage point decrease in benefit units	–$ 79	–$ 233

We utilize a variety of pricing sources to estimate the fair value of our pension assets, including: independent pricing vendors, dealer or counterparty supplied valuations, third party appraisals, appraisals prepared by investment managers, or investment sponsor or third party administrator supplied net asset value (or its equivalent) per share (NAV) used as a practical expedient.

A significant portion of our pension assets are classified in Level 3. Pension assets for which fair value is determined through the use of NAV and for which we may not have the ability to redeem our entire investment with the investee at NAV as of the measurement date or in the near-term, are classified in Level 3. We classify pension assets that include significant unobservable inputs in Level 3.

Significant assets classified in Level 3, with the related Level 3 inputs to the valuation that may be subject to volatility and change, and additional considerations for leveling, are as follows:

- Government, agency and corporate debt securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Group annuity contracts – The value of each group annuity contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by these accounts. The separately managed investment accounts, which typically calculate NAV, and underlying assets are valued in accordance with the valuation policies of the respective insurers. Inherent restrictions that do not allow redemption of our entire investment at NAV at the measurement date or in the near-term are the primary considerations for these investments being classified in Level 3.

- Agency and non-agency mortgage and other asset-backed securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs typically consist of prepayment curves, discount rates, default assumptions and recovery rates. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Investment funds, private equity and debt investments, and real estate assets — The funds and certain special purpose entities valued using NAV, and in which we may not have the ability to redeem our entire investment with the investee at NAV at the measurement date or in near-term, are classified in Level 3. The Level 3 inputs for these investments include NAV provided by the investment sponsor or third party administrator. When NAV was not used as a practical expedient, the fair value estimates provided by investment sponsors are used. These fair value estimates are reviewed, and in cases where these estimates do not represent fair value they may be adjusted by management based on changes in the composition or performance of the underlying investments or comparable investments, overall market conditions, and other economic factors. Such fair value adjustments at December 31, 2009 and 2010 were not significant.

Refer to Note 4 to our consolidated financial statements for a more detailed discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM estimated the discount rate using an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 was based on a yield curve which used projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 UAW Retiree Settlement Agreement. We are released from UAW retiree healthcare claims incurred after December 31, 2009.

The significant non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB plans.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average discount rate for U.S. plans	5.57%	6.81%	8.11%	7.02%
Weighted-average discount rate for non-U.S. plans	5.22%	5.47%	6.77%	5.90%

As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2010 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S. An estimate is developed of the healthcare cost trend rates used to value benefit obligations for non-U.S. plans through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the healthcare cost trend rate can have significant effect on the actuarially determined obligation and related OPEB expense.

The following table summarizes the healthcare cost trend rates used in the remeasurement of the APBO:

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans (a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates based on the last remeasurement of the benefit plans at December 31, 2010 (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$ 31	+$ 491
One percentage point decrease	–$ 25	–$ 392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and federal and state unemployment payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the healthcare trend rate, which are applied on a consistent basis with other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Deferred Taxes / Valuation Allowances

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions, we are experiencing positive evidence trends in various jurisdictions. South Korea and Australia are farther ahead in this trend of sustained operating profits and taxable income. U.S. and Canada operations are showing early signs of this positive evidence trend, and Germany, Spain and the United Kingdom operations are not yet experiencing such a favorable shift. To the extent this trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances.

Refer to Note 23 to our consolidated financial statements for additional information regarding deferred taxes and valuation allowances.

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to five years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease, and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of sales incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies.

The following table summarizes recorded impairment charges related to automotive retail leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Automotive retail leases to daily rental car companies	$ 49	$ 18	$ 47	$ 382
Automotive retail leases (a)	$ —	$ —	$ 16	$ 377

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio. During the year ended December 31, 2010 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion in the U.S. due to increases in estimated residual values.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to vehicles owned by Ally Financial at December 31, 2010 and 2009 holding all other assumptions constant (dollars in millions):

	Successor	
	December 31, 2010 Effect on Residual Support and Risk Sharing Reserves	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 73	–$ 534
10% decrease in vehicle sales proceeds	+$ 196	+$ 381

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Maximum obligation		
Residual support	$ 523	$ 1,159
Risk sharing agreements	$ 692	$ 1,392
Outstanding receivables (liabilities)		
Residual support	$ 24	$ (369)
Risk sharing agreements	$ (269)	$ (366)

When a lease vehicle is returned or repossessed by us, the asset is recorded at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied value. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level.

At December 31, 2010 we had goodwill of $31.8 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. In conjunction with the acquisition of GM Financial in October 2010, we recorded $1.3 billion of acquisition related goodwill, including $153 million recorded at the acquisition-date to establish a valuation allowance for deferred taxes which was not applicable to GM Financial on a stand-alone basis.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying values. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. Refer to Note 4 to our consolidated financial statements for additional information related to the adoption of ASU 2010-28, "Intangibles, Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units."

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Future goodwill impairments could occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill.

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

During the three months ended December 31, 2010 we performed our annual goodwill impairment testing for all reporting units. Based on this testing, we determined that goodwill was not impaired. The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2 to our consolidated financial statements, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures. The following table summarizes the key assumptions for each of our more significant reporting units utilized in our 2010 annual goodwill impairment testing as of October 1, 2010 (dollars and volumes in millions):

	Goodwill Amount as of October 1, 2010	WACC	Long-Term Growth Rates	Industry Sales		Market Share	
				2011	2014	2011	2014
GMNA	$ 26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
GME	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
GM Daewoo (a)	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
Holden	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
GM Mercosur	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%

(a) Industry sales volume and market share for GM Daewoo are based on global industry volumes as GM Daewoo exports vehicles globally.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The WACCs considered various factors including bond yields, risk premiums, and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond 2014; and industry sales and a market share for each reporting unit included annual estimates through 2014, except for GME which is through 2015.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

In calculating the fair values of our more significant reporting units during our 2010 annual goodwill impairment testing, keeping all other assumptions constant, the carrying values of these reporting units would still exceed their estimated fair values had our WACC increased by 16.5 percentage points for GMNA, 7 percentage points for GME, 11 percentage points for GM Daewoo, 13.5 percentage points for Holden and 8.7 percentage points for GM Mercosur.

In the three months ended June 30, 2010 there were event-driven changes in circumstances within our GME reporting unit that warranted the testing of goodwill for impairment. In the three months ended June 30, 2010 anticipated competitive pressure on our margins in the near- and medium-term led us to believe that the goodwill associated with our GME reporting unit may be impaired. Utilizing the best available information at June 30, 2010, the date of impairment measurement, we performed a Step 1 goodwill impairment test for our GME reporting unit, and concluded that goodwill was not impaired. The fair value of our GME reporting unit was estimated to be approximately $325 million over its carrying amount. If we had not passed Step 1, we believe the amount of any goodwill impairment would approximate $140 million representing the net decrease, from July 9, 2009 through June 30, 2010, in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill.

Refer to Notes 13 and 26 to our consolidated financial statements for additional information on goodwill impairments.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform level. Non-product line specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 26 to our consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach because circumstances usually do not permit the use of a single approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in Ally Financial common stock of $270 million. We determined the fair value of our investment in Ally Financial common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's operations, which were then aggregated to determine Ally Financial's overall fair value. Based on our analysis, the estimated fair value of our investment in Ally Financial common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/tangible book value multiple on our impairment charge (dollars in millions):

Change in Assumption	Effect on December 31, 2009 Impairment Charges
Increase in average price/tangible book value multiple	+$ 100
Decrease in average price/tangible book value multiple	–$ 100

At December 31, 2010 the balance of our investment in Ally Financial common stock was $964 million and the balance of our investment in Ally Financial preferred stock was $665 million.

Derivatives

Derivatives are used in the normal course of business to manage exposures arising from market risks resulting from changes in certain commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheets as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and December 31, 2009, our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010, we have determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. As of December 31, 2010 all automotive operations derivatives have been classified in Level 2.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific

Table of Contents

model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant covenants in our secured revolving credit facility;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- The ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on Ally Financial's ability to obtain funding and which may be suspended by Ally Financial if Ally Financial's credit exposure to us exceeds certain limitations provided in our operating arrangements with Ally Financial;
- Our ability to develop captive financing capability, including through GM Financial and to successfully integrate GM Financial into our operations;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;
- Continued economic instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Automotive

We and Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is comprised of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our risk management policy. Our prior policy was intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is primarily to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to our consolidated financial statements. Further information on our exposure to market risk is included in Note 21 to our consolidated financial statements.

Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we were largely unable to enter forward contracts pending the completion of negotiations with potential derivative counterparties. Since August 2010 we executed new agreements with counterparties that enable us to enter into options, forward contracts and swaps.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2010 such contracts have remaining maturities of up to 12 months. At December 31, 2010 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won, and Euro/Korean Won.

At December 31, 2010 and 2009 the net fair value liability of financial instruments with exposure to foreign currency risk was \$3.3 billion and \$5.9 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be \$513 million and \$941 million at December 31, 2010 and 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are and Old GM was exposed to foreign currency risk due to the translation of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction gains (losses) (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss)	$ 235	$ 157	$ 232
Foreign currency transaction gain (loss) recorded in earnings	$ (209)	$ (755)	$ (1,077)

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2010 we did not have any interest rate swap derivative positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate	1,311	9,629
Total short-term debt	$ 1,616	$ 10,221
Short-term debt — fixed rate denominated in U.S. dollars	$ 96	$ 232
Short-term debt — fixed rate denominated in foreign currency	209	360
Total short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate denominated in U.S. dollars	$ 347	$ 6,253
Short-term debt — variable rate denominated in foreign currency	964	3,376
Total short-term debt — variable rate	$ 1,311	$ 9,629
Long-term debt — fixed rate	$ 2,519	$ 4,689
Long-term debt — variable rate	495	873
Total long-term debt	$ 3,014	$ 5,562
Long-term debt — fixed rate denominated in U.S. dollars	$ 601	$ 3,401
Long-term debt — fixed rate denominated in foreign currency	1,918	1,288
Total long-term debt – fixed rate	$ 2,519	$ 4,689
Long-term debt — variable rate denominated in U.S. dollars	$ 287	$ 551
Long-term debt — variable rate denominated in foreign currency	208	322
Total long-term debt — variable rate	$ 495	$ 873

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 and 2009 the fair value liability of debt and capital leases was $4.8 billion and $16.0 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $166 million and $402 million at December 31, 2010 and 2009.

At December 31, 2010 we had $6.6 billion in marketable securities with exposure to interest rate risk. We invest in securities of various types and maturities, the value of which are subject to fluctuations in interest rates. The potential decrease in fair value from a 50 basis point increase in interest rates would be $15 million at December 31, 2010. Our exposure to interest rate risk on marketable securities at December 31, 2009 was insignificant.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We use commodity options to offset our commodity price exposures.

At December 31, 2010 and 2009 the net fair value asset of commodity derivatives was $84 million and $11 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $47 million and $6 million at December 31, 2010 and 2009. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At December 31, 2010 and 2009 the fair value of these warrants was $44 million and $25 million. At December 31, 2010 and 2009 our exposure also includes investments of $43 million and $45 million in equity securities recorded at fair value. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and preferred stock were $970 million and $665 million. These amounts represent the maximum exposure to loss from these investments.

Counterparty Risk

We are exposed to counterparty risk on derivative contracts, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee on a periodic basis. At December 31, 2010 a majority of all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are exposed to credit risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

Automotive Financing

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap purchased is included in Total GM Financial Assets and the fair value of the interest rate cap agreement sold is included in Total GM Financial Liabilities.

Securitizations

The interest rate demanded by investors in GM Financial's securitization transactions depends on prevailing market interest rates for comparable transactions and the general interest rate environment. GM Financial utilizes several strategies to minimize the effect of interest rate fluctuations on its gross interest rate margin, including the use of derivative financial instruments and the regular sale or pledging of automotive receivables to securitization trusts.

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. The fixed rates on securities issued by the trusts are indexed to market interest rate swap spreads for transactions of similar duration or various LIBOR rates and do not fluctuate during the term of the securitization. The floating rates on securities issued by the trusts are indexed to LIBOR and fluctuate periodically based on movements in LIBOR. Derivative financial instruments, such as interest rate swap and cap derivatives, are used to manage the gross interest rate spread on these transactions. GM Financial uses interest rate swap derivatives to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate, thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swap derivatives purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swap derivative serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerance. In circumstances where the interest rate risk is deemed to be tolerable, usually if the risk is less than one year in term at inception, GM Financial may choose not to hedge potential fluctuations in cash flows due to changes in interest rates. Its special purpose entities are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities even if GM Financial chooses not to hedge its future cash flows. Although the interest rate cap derivatives are purchased by the trusts, cash outflows from the trusts ultimately affect GM Financial's retained interests in the securitization transactions as cash expended by the securitization trusts will decrease the ultimate amount of cash to be received by GM Financial. Therefore, when economically feasible, GM Financial may simultaneously sell a corresponding interest rate cap derivative to offset the premium paid

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

by the trust to purchase the interest rate cap derivative. The fair value of the interest rate cap derivatives purchased in connection with securitization transactions are included in Total GM Financial Assets and the fair value of the interest rate cap derivatives sold are included in Total GM Financial Liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating expenses and other.

GM Financial has entered into interest rate swap derivatives to hedge the variability in interest payments on eight of its active securitization transactions. Portions of these interest rate swap derivatives are designated and qualify as cash flow hedges. The fair value of interest rate swap derivatives designated as hedges is included in GM Financial Other liabilities. Interest rate swap derivatives that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$ 8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$ 6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swap and cap derivatives are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swap and cap derivatives, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

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Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2010 (Successor). Our report dated March 1, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of a revised accounting standard related to consolidation principles.

/S/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP
Detroit, Michigan
March 1, 2011

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2010 (Successor) and 2009 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2010 (Successor) and 2009 (Successor) and the results of their operations and their cash flows for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and Subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2011 expressed an unqualified opinion on the Successor's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Detroit, Michigan
March 1, 2011

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

Item 8. ***Financial Statements and Supplementary Data***

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$ 135,142	$57,329	$ 46,787	$ 147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net (Note 2)	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (Note 29)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Earnings (loss) per share (Note 30)				
Basic				
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Weighted-average common shares outstanding	1,500	1,238	611	579
Diluted				
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Weighted-average common shares outstanding	1,624	1,238	611	579
Cash dividends per common share	$ —	$ —	$ —	$ 0.50

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor	
	December 31, 2010	December 31, 2009
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010; Note 7)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$ 138,898	$ 136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010; Note 17)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010; Note 17)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010; Note 17)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable (Note 19)	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies (Note 22)		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$ 138,898	$ 136,295

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from operating activities				
Net income (loss)	$ 6,503	$ (3,786)	$ 109,003	$ (31,051)
Less: GM Financial income	90	—	—	—
Automotive income (loss)	6,413	(3,786)	109,003	(31,051)
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities				
Depreciation, impairment charges and amortization expense	6,923	4,511	6,873	18,724
Delphi charges	—	—	—	4,797
Foreign currency translation and transaction (gain) loss	209	755	1,077	(1,705)
Amortization of discount and issuance costs on debt issues	163	140	3,897	189
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	(59)	478	—
Undistributed earnings of nonconsolidated affiliates	(753)	(497)	1,036	(727)
Pension contributions and OPEB payments	(5,723)	(5,832)	(2,472)	(4,898)
Pension and OPEB expense, net	412	3,570	3,234	2,747
Withdrawals (contributions) to VEBA	—	(252)	9	1,355
(Gain) loss on extinguishment of debt	(196)	101	1,088	—
Gain on disposition of Ally Financial Common Membership Interests	—	—	(2,477)	—
Reorganization gains, net (including cash payments $408)	—	—	(128,563)	—
Provisions (benefits) for deferred taxes	242	(1,427)	(600)	1,163
Change in other investments and miscellaneous assets	(137)	292	596	(395)
Change in other operating assets and liabilities, net of acquisitions and disposals (Note 36)	(981)	3,372	(10,229)	94
Other	17	176	(1,253)	(2,358)
Net cash provided by (used in) operating activities–Automotive	6,589	1,064	(18,303)	(12,065)
Net income–GM Financial	90	—	—	—
Adjustments to reconcile income to net cash provided by operating activities	86	—	—	—
Change in operating assets and liabilities	15	—	—	—
Net cash provided by operating activities–GM Financial	191	—	—	—
Net cash provided by (used in) operating activities	6,780	1,064	(18,303)	(12,065)

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from investing activities				
Expenditures for property	(4,200)	(1,862)	(3,517)	(7,530)
Available-for-sale marketable securities, acquisitions	(11,012)	—	(202)	(3,771)
Trading marketable securities, acquisitions	(358)	(158)	—	—
Available-for-sale marketable securities, liquidations	5,611	3	185	5,866
Trading marketable securities, liquidations	343	168	—	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(3,580)	(2,127)	—	(1)
Increase due to consolidation of business units	63	222	46	—
Distributions from (investments in) Ally Financial	—	72	(884)	—
Operating leases, liquidations	346	564	1,307	3,610
Proceeds from sale of business units/equity investments, net	317	—	—	232
Proceeds from sale of real estate, plants and equipment	188	67	38	347
Change in notes receivable	46	61	(23)	(430)
Increase in restricted cash and marketable securities	(871)	(3,604)	(18,461)	(87)
Decrease in restricted cash and marketable securities	13,823	8,775	418	—
Other investing activities	2	(25)	(41)	—
Net cash provided by (used in) investing activities–Automotive	718	2,156	(21,134)	(1,764)
GM Financial cash on hand at acquisition	538	—	—	—
Purchase of receivables	(947)	—	—	—
Principal collections and recoveries on receivables	871	—	—	—
Other investing activities	53	—	—	—
Net cash provided by (used in) investing activities–GM Financial	515	—	—	—
Net cash provided by (used in) investing activities	1,233	2,156	(21,134)	(1,764)
Cash flows from financing activities				
Net decrease in short-term debt	(1,097)	(352)	(2,364)	(4,100)
Proceeds from issuance of debt (original maturities greater than three months)	718	6,153	53,949	9,928
Payments on debt (original maturities greater than three months)	(10,536)	(5,259)	(6,072)	(1,702)
Proceeds from issuance of stock	4,857	—	—	—
Payments to purchase stock	(1,462)	—	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	(1,216)	—
Payments to acquire noncontrolling interest	(6)	(100)	(5)	—
Debt issuance costs and fees paid for debt modification	(161)	—	(63)	—
Cash dividends paid (including premium paid on redemption of stock)	(1,572)	(97)	—	(283)
Net cash provided by (used in) financing activities–Automotive	(9,259)	345	44,229	3,843
Net change in credit facilities	212	—	—	—
Issuance of debt	700	—	—	—
Payments of debt	(1,419)	—	—	—
Other financing activities	(4)	—	—	—
Net cash provided by (used in) financing activities–GM Financial	(511)	—	—	—
Net cash provided by (used in) financing activities	(9,770)	345	44,229	3,843
Effect of exchange rate changes on cash and cash equivalents–Automotive	(57)	492	168	(778)
Net increase (decrease) in cash and cash equivalents–Automotive	(2,009)	4,057	4,960	(10,764)
Net increase (decrease) in cash and cash equivalents–GM				

Financial	195	—	—	—
Cash and cash equivalents reclassified as assets held for sale–Automotive	391	(391)	—	—
Cash and cash equivalents at beginning of period–Automotive	22,679	19,013	14,053	24,817
Cash and cash equivalents at end of period–Automotive	$ 21,061	$22,679	$ 19,013	$ 14,053
Cash and cash equivalents at end of period–GM Financial	$ 195	$ —	$ —	$ —

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

			Common Stockholders'						
	Series A Preferred Stock	**Series B Preferred Stock**	**Common Stock**	**Capital Surplus**	**Retained Earnings (Accumulated Deficit)**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Comprehensive Income (Loss)**	**Total Equity (Deficit)**
Balance at December 31, 2007, Predecessor	$ —	$ —	$ 943	$ 16,100	$ (39,426)	$ (13,987)	$ 1,218		$ (35,152)
Net income (loss)	—	—	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)									
Foreign currency translation loss	—	—	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)								$ (49,984)	
Effects of Ally Financial adoption of ASC 820 and ASC 825	—	—	—	—	(76)	—	—		(76)
Stock options	—	—	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	—	—	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	—	—	(283)	—	—		(283)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(46)		(46)
Other	—	—	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	—	—	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$ 109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)								$ 106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

(In millions)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retain Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 29)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)								$ (2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	—	—	3	4,933	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	—	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	—	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	—	—	(100)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive income (loss)	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income (loss)								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities (Note 4)	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	$ 5,536	$ 4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979		$ 37,159

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in these consolidated financial statements for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit Corp. (AmeriCredit), an automotive finance company which we subsequently renamed General Motors Financial Company, Inc. (GM Financial).

We develop, produce and market cars, trucks and parts worldwide. We also conduct finance operations through GM Financial. These financing operations consist principally of financing automobile purchases and leases for retail customers.

We analyze the results of our business through our five segments, which are GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial) (formerly GMAC Inc.), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 20) and a portfolio of automotive retail leases.

We own a 9.9% equity interest in Ally Financial, which is accounted for as a cost method investment because we cannot exercise significant influence. Ally Financial provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

Table of Contents

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

- The UST's return of the warrants Old GM previously issued to it;

- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and

- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue Adjustment Shares to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where estimated general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Table of Contents

Refer to Note 19 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through the power to vote for the election of our directors, over various matters, which could include compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. As such, upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, “Reorganizations,” (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM’s balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share based on vehicle sales volumes as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

Table of Contents

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 for additional discussion of Restricted cash and marketable securities.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in goodwill. Our employee related obligations were recorded in accordance with ASC 712, "Compensation-Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation Benefits" (ASC 715) and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes" (ASC 740).

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of non consolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$ 141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued liabilities	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	12	—	12
Capital surplus (principally additional paid-in capital)	—	18,779	—	18,779
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$ 141,969

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST (a)	Canada Holdings (b)	New VEBA (c)	Pension and OPEB (d)	MLC (e)	Other (f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued liabilities	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$ (5,964)	$ —	$ —	$(25,257)	$ (710)	$(63,492)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 912 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of $1.3 billion when entered into) and the issuance of 175 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 UAW Retiree Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 20 for additional information on the 2009 UAW Retiree Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree healthcare plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;
- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;
- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and
- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 150 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 273 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$ 1,797

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued liabilities ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and Notes Receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

Table of Contents

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, Current and Non-Current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;

- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;

- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and

- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.

- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.

- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor	Predecessor
	July 10, 2009	July 9, 2009
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$ 36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. None of the goodwill from this transaction is deductible for tax purposes.

Intangible Assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
  - Forecasted revenue for each technology category by Old GM's former segments;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
- Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
- Estimated economic lives, which ranged from seven to 20 years.

- The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
  - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
  - The probability and cost of obtaining commercial feasibility;
  - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
  - Estimated economic lives ranging from approximately 10 to 20 years.

- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
  - Forecasted revenue for each brand name by Old GM's former segments;
  - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
  - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
  - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
  - Forecasted revenue;
  - Customer retention rates;
  - Profit margins; and
  - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$ 16,074

Deferred Income Taxes, Non-Current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Other Assets, Non-Current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in Ally Financial common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in Ally Financial common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine Ally Financial's overall fair value. The significant inputs used in our fair value analysis were as follows:

- Ally Financial's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in Ally Financial preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar Ally Financial securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 15 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, Current and Non-Current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted-average discount rate used was 6.0% and 5.5% for the U.S. and non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with eight years to the ultimate trend rate.

Accrued Liabilities, Other Liabilities, and Deferred Income Taxes, Current and Non-Current

We recorded Accrued liabilities of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued liabilities and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;
- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;
- A decrease of $179 million to lease-related obligations;
- A decrease of $162 million related to certain customer deposits;
- $582 million increase in deferred income taxes; and
- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 22 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. We continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Segments

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010, we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Stock Split

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable Successor share, per share and related information in the consolidated financial statements and notes has been adjusted retroactively to give effect to the three-for-one stock split.

Increase in Authorized Shares

On October 5, 2010, our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

The following tables provide financial information for our Venezuelan subsidiaries at and for the year ended December 31, 2010, which include amounts receivable from and payable to, and transactions with, affiliated entities (dollars in millions):

	Successor December 31, 2010
Total automotive assets (a)	$ 1,322
Total automotive liabilities (b)	$ 985

	Successor Year Ended December 31, 2010
Total net sales and revenue	$ 1,139
Net income (loss) attributable to stockholders (c)	$ 320

(a) Includes BsF denominated and non-BsF denominated monetary assets of $393 million and $527 million.

(b) Includes BsF denominated and non-BsF denominated monetary liabilities of $661 million and $324 million.

(c) Includes a gain of $119 million related to the devaluation of the BsF in January 2010 and a gain of $273 million in the year ended December 31, 2010 due to favorable foreign currency exchanges that were processed by CADIVI at the essential rate. The $119 million gain on the devaluation was offset by a $144 million loss recorded by U.S. entities on BsF denominated assets, which is not included in the Net income (loss) attributable to stockholders reported above.

The total amount pending government approval for settlement at December 31, 2010 is BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007. The amount includes payables to affiliated entities of $263 million, which includes dividends payable of $144 million.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems, is deferred and recorded on a straight-line basis over the subscription period. An OnStar subscription is provided as part of the sale or lease of certain vehicles. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Finance Receivables

Automotive Financing

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit were adjusted to fair value at October 1, 2010. As a result of the acquisition, the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. A portion of the discount attributable to future credit losses is recorded as a non-accretable discount and utilized as such losses occur. Any deterioration in the performance of pre-acquisition receivables, indicating that the non-accretable discount has become insufficient to cover future credit losses, in the pre-acquisition portfolio, will result in an incremental allowance for loan losses being recorded. Improvements in performance of the pre-acquisition receivables, indicating that the non-accretable discount exceeds expected future credit losses will not be a direct offset to charge-offs, but will result in a transfer of the excess non-accretable discount to accretable discount, which will be recorded as finance charge income over the remaining life of the receivables.

A portion of the fair value adjustment on the finance receivables is included as an accretable premium. This premium is accreted into finance charge income over the remaining life of the receivables utilizing the effective interest method.

Post-Acquisition Finance Receivables

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date.

Allowance For Doubtful Accounts – Trade Receivables

Automotive

We estimate the balance of allowance for doubtful accounts by analyzing accounts receivable balances by age, and our estimate includes separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Inventory

Automotive

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Advertising expense	$ 4,259	$ 2,110	$ 1,471	$ 5,303

Research and Development Expenditures

Automotive

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$ 6,962	$ 3,034	$ 3,017	$ 8,012

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 12 and 26 for additional information on property and impairments.

Special Tools

Automotive

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 12 for additional information on special tools.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated. Refer to Note 26 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Automotive selling, general and administrative expense or GM Financial operating expenses and other. Refer to Notes 2 and 14 for additional information on intangible assets.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the year ended December 31, 2010 and in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. Long-lived asset impairment charges were recorded based on the results of the analyses. Refer to Note 26 for additional information on impairment charges.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the U.S. and Canada and forecasted auction proceeds outside of the U.S. and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations, when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less costs to sell. In our automotive finance operations, when a leased vehicle is returned or repossessed the asset is recorded at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 26 and 32 for additional information on impairments and operating lease arrangements with Ally Financial.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income (loss). The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating expenses and other.

The following table summarizes the effects of foreign currency transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) resulting from foreign currency transactions	$ (210)	$ (755)	$ (1,077)	$ 1,705

Policy, Warranty and Recall Campaigns

Automotive

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

Automotive

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

We have an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These three types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy at the beginning of the accounting period based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified all marketable securities as available-for-sale.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace.

We conduct an annual review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold. These inputs included interest rate yields, bid/ask quotes, prepayment speeds and prices for comparable securities. Based on our review we believe the prices received from our pricing vendor are a reliable representation of fair value.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded in Interest income and other non-operating income, net and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate swap, interest rate cap and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices.

Our financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our automotive operations risk management policy with respect to foreign exchange and commodities. Under our prior policy we intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and 2009 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009 all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010 we have determined that our non-performance

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

risk no longer represents a significant input in the determination of the fair value of our derivatives. Consequently, at December 31, 2010 all automotive operations derivatives were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating expenses and other.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gain (losses) within a separate component of Accumulated other comprehensive income (loss). Amounts are reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

Prior to October 1, 2008, Old GM recorded changes in fair value of derivatives designated as fair value hedges in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Old GM recorded the change in fair value of derivative instruments in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM’s quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Old GM recorded certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 21 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;

Table of Contents

- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are amortized over a time period corresponding with the average life expectancy of the plan participants.

Table of Contents

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. and Canada, we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

In countries other than the U.S. and Canada, discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Cash equivalents and other short-term investments are generally classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts or policies issued by a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts or policies may be backed by one or more separately managed investment accounts, which hold investments in high quality fixed income securities. The value of each contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by the separately managed investment accounts. The separately managed investment accounts, which typically calculate NAV (or its equivalent), and underlying assets are valued in accordance with the valuation policies of the respective insurers. From time to time, the defined benefit pension plans' liabilities may increase as a result of these contracts when the required reserves, as estimated by an insurer under the terms of the contract or policy, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are generally classified in Level 3.

Common and Preferred Stock

Equity securities for which market quotations are readily available are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. In the event there were no sales during the five-day period before the reporting date and the five-day period after the reporting date or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are typically classified in Level 2. Common and preferred stock classified in Level 3 are typically those that are thinly traded, delisted, or privately issued securities or other issues that are priced by a dealer or pricing service using inputs such as

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

aged (stale) pricing, and/or other qualitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Exchange traded funds and real estate investment trusts, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. Investments in non-exchange traded funds and certain SPEs (e.g., limited partnerships, limited liability companies), which may be fully redeemed at NAV in the near-term (within 90 days), are generally measured at fair value on the basis of the NAV provided by the investment sponsor or its third party administrator, and generally classified in Level 2. Investments within this asset class that are classified in Level 3 include investments in funds, which may not be fully redeemed at NAV in the near-term, and are typically measured on the basis of the NAV. Level 3 investments also include direct private equity, debt, and real estate investments, which have inherent restrictions on near-term redemption. Fair value estimates for direct private equity, private debt, and real estate investments are provided by the respective investment sponsors and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

classified in Level 1. Over-the-counter derivatives are typically valued through independent pricing services and are generally classified in Level 2. Derivatives classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. Program related benefits are recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended December 31, 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended December 31, 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

In November and December 2010 we consummated a public offering of 550 million shares of our common stock. Prior to this offering, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price. Refer to Note 31 for additional information regarding stock incentive plans.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the year ended December 31, 2008 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted-average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period, and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and we did not replace them in the 363 Sale.

Recently Adopted Accounting Principles

Variable Interest Entities

In January 2010 we adopted amendments to ASC 810, "Consolidation" (ASC 810). These amendments require an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the activities of a VIE that most significantly affect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. These amendments also require, among other considerations, an ongoing reconsideration of the primary beneficiary. In February 2010 the Financial Accounting Standard Board (FASB) issued guidance that permitted an indefinite deferral of these amendments for entities that have all the attributes of an investment company or that apply measurement principles consistent with those followed by investment companies. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIE's in effect prior to the adoption of these amendments. This deferral was applicable to certain investment companies associated with our employee benefit plans and investment companies managing investments on behalf of unrelated third parties.

The amendments were adopted prospectively. Upon adoption, we consolidated General Motors Egypt (GM Egypt). Due to our application of fresh-start reporting on July 10, 2009 and because our investment in GM Egypt was accounted for using the equity method of accounting, there was no difference between the net assets added to the consolidated balance sheet upon consolidation and the amount of previously recorded interest in GM Egypt. As a result, there is no cumulative effect of a change in accounting principle to Accumulated deficit. However, the consolidation of GM Egypt resulted in an increase in Total assets of $254 million, an increase in Total liabilities of $178 million, and an increase in Noncontrolling interest of $76 million. The effect of these amendments was measured based on the amount at which the asset, liability and noncontrolling interest would have been carried or recorded in the consolidated financial statements if these amendments had been effective since inception of our relationship with GM Egypt. Refer to Note 17 for additional information regarding the effect of the adoption of these amendments.

Transfers of Financial Assets

In January 2010 we adopted certain amendments to ASC 860, "Transfer and Servicing" (ASC 860). ASC 860 eliminated the concept of a qualifying SPE, establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. The adoption of these amendments did not have an effect on the consolidated financial statements.

Accounting Standards Not Yet Adopted

In September 2009 the FASB issued Accounting Standard Update (ASU) 2009-13, "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. ASU 2009-13 is not expected to have a material effect on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, "Intangibles—Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings (accumulated deficit) in the period of adoption.

GME has a negative carrying amount; as such, we will apply the provisions of ASU 2010-28 effective January 1, 2011. When a reduction occurs in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

our application of fresh-start reporting, the amount of our implied goodwill can decline. Prior to the adoption of ASU 2010-28, any such decline does not result in recognition of an impairment loss as long as Step 1 of the goodwill impairment test is passed (as was the case at our October 1, 2010 annual testing date). However, proceeding directly to Step 2 of the goodwill impairment test as required in this circumstance upon adoption of ASU 2010-28 would result in recognition of any such impairment.

We are currently in the process of valuing the amount of the implied goodwill as of January 1, 2011 for GME, and estimate the high end of the range of possible adjustment to be approximately $1.3 billion. Our estimate represents the net decrease, from July 10, 2009 through January 1, 2011, in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting resulting primarily from an overall improvement in our incremental borrowing rate and corresponding decrease in our nonperformance risk since July 10, 2009. The actual goodwill impairment determination can also be affected by other factors in the Step 2 impairment test which we have not yet finalized. As a result, the actual adjustment may be different than our current estimate upon the finalization of our valuation procedures and determination of our implied goodwill for GME at January 1, 2011.

Note 5. Acquisition and Disposal of Businesses

Acquisition of AmeriCredit Corp.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of approximately $3.5 billion. The acquisition of AmeriCredit will allow us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) The Finance receivables were recorded at fair value, which was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the newly formed GM Financial reporting segment. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the year ended December 31, 2010 and the supplemental pro forma revenue and earnings of the combined entity as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor (Unaudited)			Predecessor (Unaudited)
		Pro Forma-Combined		Pro Forma-Combined
	GM Financial amounts included in results for Year Ended December 31, 2010	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$ 281	$ 136,665	$ 58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 90	$ 6,634	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information is material.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Acquisition of Strasbourg

On October 1, 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business. We believe the repurchase of GMS allows us to maintain good relationships and to help expand our business within the European region.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010, the date we obtained control, and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities (b)	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

(b) Current liabilities include $8 million that is due to us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, classified as Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information is material. We began to record the results of GMS operations in our consolidated financial statements from the date of acquisition.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated financial statements and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We have recorded a corresponding liability to reflect our obligation to provide additional capital.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other original equipment manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities were retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 22 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 22) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. The DMDA contains specific waterfall provisions for the allocation of distributions among the Class A, Class B and Class C New Delphi Membership Interests. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with Class B representing the remaining 65%, excluding certain distributions to New Delphi directors and management and the unsecured creditors of Old Delphi. Our Class A Membership Interest entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions excluding certain distributions to New Delphi directors and management. Additional distributions are applied to specific distribution levels until cumulative distributions reach $7.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 22 for additional information on the Delphi-GM Settlement Agreements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$ 2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$ 3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$ 3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Goodwill of $61 million recorded in the GMNA reporting unit arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 22 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

Saab Bankruptcy and Sale

In February 2009 Saab, part of our GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

Saab's assets and liabilities were classified as held for sale at December 31, 2009. Saab's total assets of $388 million included cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million included accounts payable, warranty and pension obligations and other liabilities.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB (Saab GB) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 6. Finance Receivables, net

Automotive Financing

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor December 31, 2010
Pre-acquisition finance receivables (pre-acquisition carrying amount)	$ 7,724
Post-acquisition finance receivables	924
Total finance receivables	8,648
Purchase price premium	423
Less non-accretable discount on pre-acquisition finance receivables	(848)
Less allowance for loan losses on post-acquisition receivables	(26)
Total finance receivables, net	$ 8,197

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2010 the accrual of finance charge income has been suspended on delinquent finance receivables of $491 million.

The following table summarizes purchase price premium (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 500
Amortization of premium	(77)
Balance at end of period	$ 423

The following table summarizes non-accretable discount (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 968
Recoveries	101
Charge-offs	(221)
Balance at end of period	$ 848

The following table summarizes the allowance for loan losses (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ —
Provision for loan losses	26
Recoveries	—
Charge-offs	—
Balance at end of period	$ 26

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor December 31, 2010
FICO score less than 540	$ 1,328
FICO score 540 to 599	3,396
FICO score 600 to 659	2,758
FICO score greater than 660	1,166
Total finance receivables	$ 8,648

Delinquency

The following summarizes finance receivables more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor December 31, 2010	
	Amount	Percent
Delinquent contracts		
31 to 60 days	$ 535	6.2%
Greater-than-60 days	212	2.4%
Total finance receivables more than 30 days delinquent	747	8.6%
In repossession	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$ 775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 7. Securitizations

Automotive Financing

The following table summarizes securitization activity and cash flows from SPEs used for securitizations (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Receivables securitized	$ 743
Net proceeds from securitization	$ 700
Servicing fees	
Variable interest entities	$ 46
Distributions from Trusts	
Variable interest entities	$ 216

GM Financial retains servicing responsibilities for receivables transferred to certain SPEs. At December 31, 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.2 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 8. Marketable Securities

Automotive

The following table summarizes information regarding marketable securities (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Marketable Securities								
Available-for-sale securities								
United States government and agencies	$2,023	$ —	$ —	$2,023	$ 2	$ —	$ —	$ 2
Sovereign debt	773	—	—	773	—	—	—	—
Certificates of deposit	954	—	—	954	8	—	—	8
Corporate debt	1,670	1	2	1,669	—	—	—	—
Total available-for-sale securities	5,420	1	2	5,419	10	—	—	10
Total trading securities	129	10	3	136	122	7	5	124
Total Marketable securities	$5,549	$ 11	$ 5	$5,555	$132	$ 7	$ 5	$134

We maintained $89 million and $79 million of the above trading securities as compensating balances to support letters of credit of $74 million and $66 million at December 31, 2010 and 2009. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes securities classified as Cash and cash equivalents and Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Securities classified as Cash and cash equivalents	$ 12,964	$ 11,176
Securities classified as Restricted cash and marketable securities	$ 1,474	$ 14,178

Refer to Note 24 for classes of securities underlying Cash and cash equivalents and Restricted cash and marketable securities.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales proceeds	$ 11	$ 3	$ 185	$ 4,001
Realized gains	$ —	$ —	$ 3	$ 44
Realized losses	$ —	$ —	$ 10	$ 88

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2010 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$ 5,059	$ 5,059
Due after one year through five years	361	360
Total contractual maturities of available-for-sale securities	$ 5,420	$ 5,419

Refer to Note 26 for the amounts recorded as other than temporary impairments on debt and equity securities.

Note 9. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Productive material, supplies and work in process	$ 5,487	$ 4,201
Finished product, including service parts	6,638	5,906
Total inventories	$ 12,125	$ 10,107

In the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the costs of purchases in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. These liquidations decreased Old GM's Automotive cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and $355 million in the year ended December 31, 2008.

Note 10. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Equipment on operating leases	$ 2,843	$ 3,070
Less accumulated depreciation	(275)	(343)
Equipment on operating leases, net	$ 2,568	$ 2,727

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation expense and impairment charges	$ 549	$ 586	$ 338	$ 1,575

Refer to Note 26 for additional information on impairment charges related to Equipment on operating leases, net.

Note 11. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Ally Financial	$ —	$ —	$ (1,097)	$ 916
Gain on conversion of UST Ally Financial Loan	—	—	2,477	—
Ally Common Membership Interest impairment charges	—	—	—	(7,099)
Total equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ 1,380	$ (6,183)
China JVs (a)	$ 1,297	$ 460	$ 300	$ 315
New United Motor Manufacturing, Inc. (b)	—	—	(243)	(118)
New Delphi (c)	117	(1)	—	—
Others	24	38	4	(11)
Total equity income, net of tax	$ 1,438	$ 497	$ 61	$ 186

(a) Includes Shanghai General Motors Co., Ltd. (SGM) (49%) in the period February 1, 2010 through December 31, 2010 and (50%) in the month of January 2010, in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, and in the year ended December 31, 2008 and SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (44%) in the period November 16, 2010 through December 31, 2010 and (34%) in the periods January 1, 2010 through November 15, 2010, July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the year ended December 31, 2008.

(b) New United Motor Manufacturing, Inc. (NUMMI) (50%) was retained by MLC as a part of the 363 Sale.

(c) New Delphi was acquired in October 2009. Refer to Note 5 for additional information on acquisition of Delphi businesses.

Investment in China JVs

Our Chinese operations, which we established beginning in 1997, are comprised of the following joint ventures: SGM, SGMW, FAW-GM Light Duty Commercial Vehicle, Ltd. (FAW-GM), Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

JV), collectively referred to as the China JVs. Sales and income of these joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac.

SGMW produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling, Chevrolet and Baojun brands. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member.

SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction in the year ended December 31, 2010.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction, we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW. The fair value of the additional 10% interest in SGMW was $394 million at the date of the transaction, as determined using a discounted cash flow methodology. The difference between the cash consideration and the fair value of the 10% interest in SGMW is being deferred and amortized over the three year period we will provide technical services to the Wuling Group. During the year ended December 31, 2010 $14 million was amortized and recorded in Interest income and other non-operating income, net.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in significant nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount of investment in China JVs	$ 6,133	$ 5,648
Carrying amount of investment in New Delphi	2,043	1,908
Carrying amount of other investments	353	380
Total equity in net assets of nonconsolidated affiliates	$ 8,529	$ 7,936

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from two to 22 years, with depreciation expense of $5 million per year.

On July 10, 2009 our investment in SGMW was adjusted to its fair value. Our investment in SGMW was increased by fresh-start reporting adjustments of $265 million which were allocated as follows: (1) goodwill of $165 million; (2) intangible assets of $93 million; and (3) property of $7 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $4 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

As a result of our purchase of an additional 10% interest in SGMW, our additional investment was recorded at its fair value of $394 million, an increase of $322 million from SGMW's book value. This fair value increase was allocated as follows: (1) goodwill of $231 million; (2) intangible assets of $82 million; (3) inventory of $5 million; and (4) property of $4 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $3 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	China JVs December 31, 2010	Others December 31, 2010	Total December 31, 2010	China JVs December 31, 2009	Others December 31, 2009	Total December 31, 2009
Summarized Balance Sheet Data						
Current assets	$ 9,689	$ 9,708	$ 19,397	$ 6,954	$ 8,507	$ 15,461
Non-current assets	4,147	5,001	9,148	3,794	4,874	8,668
Total assets	$ 13,836	$ 14,709	$ 28,545	$ 10,748	$ 13,381	$ 24,129
Current liabilities	$ 8,931	$ 4,745	$ 13,676	$ 6,695	$ 4,608	$ 11,303
Non-current liabilities	580	2,232	2,812	302	1,905	2,207
Total liabilities	$ 9,511	$ 6,977	$ 16,488	$ 6,997	$ 6,513	$ 13,510
Non-controlling interests	$ 766	$ 474	$ 1,240	$ 638	$ 440	$ 1,078

	Year Ended December 31, 2010 (a)	Year Ended December 31, 2009 (b)	Year Ended December 31, 2008
Summarized Operating Data			
China JV's net sales	$ 25,395	$ 18,098	$ 10,883
Others' net sales	17,500	7,457	10,415
Total net sales	$ 42,895	$ 25,555	$ 21,298
China JV's net income	$ 2,808	$ 1,636	$ 671
Others' net income	656	161	(5,212)
Total net income	$ 3,464	$ 1,797	$ (4,541)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Summarized financial information is not included for a joint venture that we dissolved in June 2010. We recognized equity income of $10 million in the six months ended June 30, 2010.

(b) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 32, which are not eliminated in consolidation (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Results of Operations				
Automotive sales	$ 2,910	$ 899	$ 596	$ 1,076
Automotive purchases, net	$ 2,881	$ 1,190	$ 737	$ 3,815
Automotive selling, general and administrative expense	$ 3	$ (19)	$ (19)	$ 62
Automotive interest expense	$ 16	$ —	$ —	$ —
Interest income and other non-operating income (expense), net	$ 43	$ 14	$ (9)	$ 231

	Successor	
	December 31, 2010	December 31, 2009
Financial Position		
Accounts and notes receivable, net	$ 1,618	$ 771
Accounts payable (principally trade)	$ 641	$ 579

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash Flows				
Operating	$ 719	$ 538	$ 546	$ (1,014)
Investing	$ (74)	$ (67)	$ —	$ 370
Financing	$ —	$ —	$ —	$ —

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In January 2009 Old GM entered into the UST Ally Financial Loan Agreement pursuant to which Old GM borrowed $884 million (UST Ally Financial Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST Ally Financial Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST Ally Financial Loan Agreement was secured by Old GM's Common and Preferred Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST Ally Financial Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

The following tables summarize financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Consolidated Statement of Income (Loss)		
Total financing revenue and other interest income	$ 6,916	$ 18,054
Total interest expense	$ 3,936	$ 10,441
Depreciation expense on operating lease assets	$ 2,113	$ 5,478
Gain on extinguishment of debt	$ 657	$ 12,628
Total other revenue	$ 2,117	$ 15,271
Total noninterest expense	$ 3,381	$ 8,349
Loss from continuing operations before income tax expense	$ (2,260)	$ 4,737
Income tax expense from continuing operations	$ 972	$ (136)
Net income (loss) from continuing operations	$ (3,232)	$ 4,873
Loss from discontinued operations, net of tax	$ (1,346)	$ (3,005)
Net income (loss)	$ (4,578)	$ 1,868

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	June 30, 2009
Condensed Consolidated Balance Sheet	
Loans held for sale	$ 11,440
Total finance receivables and loans, net	$ 87,520
Investment in operating leases, net	$ 21,597
Other assets	$ 22,932
Total assets	$ 181,248
Total debt	$ 105,175
Accrued expenses and other liabilities	$ 41,363
Total liabilities	$ 155,202
Preferred stock held by UST	$ 12,500
Preferred stock	$ 1,287
Total equity	$ 26,046

Ally Financial – Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$ 43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$ 36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 12. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor			
	Estimated Useful Lives (Years)	December 31, 2010	Estimated Useful Lives (Years)	December 31, 2009
Land	—	$ 2,536	—	$ 2,602
Buildings and land improvements	2-40	4,324	2-40	4,292
Machinery and equipment	3-30	8,727	3-30	6,686
Construction in progress	—	1,754	—	1,649
Real estate, plants, and equipment		17,341		15,229
Less accumulated depreciation		(3,277)		(1,285)
Real estate, plants, and equipment, net		14,064		13,944
Special tools, net	1-13	5,171	1-13	4,743
Total property, net		$ 19,235		$ 18,687

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Capitalized interest	$ 62	$ 21	$ 28	$ 576

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Capitalized software in use, net	$ 287	$ 263
Capitalized software in the process of being developed	$ 96	$ 81

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation and impairment of long-lived assets	$ 1,988	$ 1,355	$ 4,352	$ 4,863
Amortization and impairment of special tools	1,826	865	2,139	3,493
Total depreciation, impairment charges and amortization expense	$ 3,814	$ 2,220	$ 6,491	$ 8,356
Capitalized software amortization expense (a)	$ 195	$ 132	$ 136	$ 209

(a) Included in Total depreciation, impairment charges and amortization expense.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. We recorded incremental depreciation and amortization of $18 million and $20 million in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion and $0.8 billion in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Note 13. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$3,335	$771	$ 157	$ 30,672	$ —	$30,672
Reporting unit reorganization (b)	—	(82)	82	—	—	—	—
Goodwill acquired (c)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Accumulated impairment charges	—	—	—	—	—	—	—
Goodwill	$26,394	$3,053	$901	$ 165	$ 30,513	$ 1,265	$31,778

	Successor					
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	Total
Balance at July 10, 2009 (d)	$26,348	$3,262	$713	$ 141	$ 30,464	$30,464
Goodwill acquired	61	—	—	—	61	61
Effect of foreign currency translation and other	—	73	71	16	160	160
Goodwill included in Assets held for sale	—	—	(13)	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	771	157	30,672	30,672
Accumulated impairment charges	—	—	—	—	—	—
Goodwill	$26,409	$3,335	$771	$ 157	$ 30,672	$30,672

(a) Reflects the revised segment presentation for our newly created GMSA segment. Refer to Note 35 for additional information.

(b) In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment. Goodwill was reassigned between reporting units on a relative-fair-value basis.

(c) On October 1, 2010 our acquisition of AmeriCredit became effective. Pursuant to ASC 805 we assigned fair value to all assets, including identifiable intangible assets, and liabilities acquired. Subsequent to assigning fair values and recording deferred income taxes in accordance with ASC 740, a residual amount of $1.3 billion was recorded as Goodwill. Goodwill includes $153 million that was recorded at the acquisition date to establish a valuation allowance for deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(d) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. However, when applying fresh-start reporting, certain accounts, primarily employee benefit plan and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in Goodwill. These valuation allowances were due in part to Old GM's history of recurring operating losses, and our projections at the 363 Sale date of continued near-term operating losses in certain jurisdictions. While the 363 Sale constituted a significant restructuring that eliminated many operating and financing costs, Old GM had undertaken significant restructurings in the past that failed to return certain jurisdictions to profitability. At the 363 Sale date, we concluded that there was significant uncertainty as to whether the recent restructuring actions would return these jurisdictions to sustained profitability, thereby necessitating the establishment of a valuation allowance against certain deferred tax assets. None of the goodwill from this transaction is deductible for tax purposes.

In the three months ended December 31, 2010 and 2009 we performed our annual goodwill impairment analysis of our reporting units at October 1, 2010 and 2009, and in the three months ended June 30, 2010 an event-driven impairment analysis for GME which resulted in no goodwill impairment charges.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures.

Our fair value estimate assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Refer to Note 26 for additional information on goodwill impairments in prior periods.

Note 14. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,751	$ 3,650	$ 4,101	4	$ 7,741	$ 1,460	$ 6,281
Brands	37	5,439	222	5,217	38	5,508	72	5,436
Dealer network and customer relationships	20	2,172	199	1,973	21	2,205	67	2,138
Favorable contracts	26	526	120	406	24	542	39	503
Other	2	19	9	10	3	17	3	14
Total amortizing intangible assets	21	15,907	4,200	11,707	20	16,013	1,641	14,372
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$16,082	$ 4,200	$11,882		$16,188	$ 1,641	$14,547

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Amortization expense related to intangible assets	$ 2,560	$ 1,584	$ 44	$ 83

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 26 for additional information on the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2011	$ 1,785
2012	$ 1,560
2013	$ 1,227
2014	$ 611
2015	$ 314

Note 15. Restricted Cash and Marketable Securities

Automotive

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Funds previously held in the UST Credit Agreement and currently held in the Canadian Health Care Trust (HCT) escrow and other accounts have been invested in government securities and money market funds in accordance with the terms of the escrow agreements. At December 31, 2010 and 2009 we held securities of $1.5 billion and $14.2 billion that were classified as Restricted cash and marketable securities. Refer to Note 24 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of automotive Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current		
UST Credit Agreement (a)	$ —	$ 12,475
Canadian Health Care Trust (b)	1,008	955
Receivables Program (c)	—	187
Securitization trusts	6	191
Pre-funding disbursements	32	94
Other (d)	194	15
Total current automotive Restricted cash and marketable securities	1,240	13,917
Non-current		
Collateral for insurance related activities	588	658
Other non-current (d)	572	831
Total automotive Restricted cash and marketable securities	$ 2,400	$ 15,406

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) In April 2010 the UST Loans and Canadian Loan were paid in full and funds remaining in escrow were no longer subject to restrictions.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund certain of its healthcare obligations.

(c) The Receivables Program provided financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us. In April 2010 the Receivable Program was terminated in accordance with its terms.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing

Cash subject to contractual restrictions and not readily available is classified as restricted cash.

The following table summarizes the components of automotive financing restricted cash (dollars in millions):

	Successor
	December 31, 2010
Restricted cash — securitization notes payable (a)	$ 926
Restricted cash — credit facilities (a)	131
Restricted cash — other (b)	33
Total automotive financing restricted cash	$ 1,090

(a) Cash pledged to support securitization transactions and credit facilities is invested in highly liquid securities with original maturities of 90 days or less or in highly rated guaranteed investment contracts.

(b) Other restricted cash is pledged in association with derivative transactions.

Note 16. Other Assets

Automotive

The following table summarizes the components of Other assets (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Investment in Ally Financial common stock	$ 964	$ 970
Investment in Ally Financial preferred stock	665	665
Notes receivable (a)	465	149
Taxes other than income taxes	299	297
Derivative assets	44	44
Other	849	498
Total other assets	$ 3,286	$ 2,623

(a) At December 31, 2010 a note receivable of $245 million is included related to the sale of GM India. Refer to Note 5 for additional information.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 17. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are or Old GM was the primary beneficiary primarily include: (1) previously divested suppliers for which we provide or Old GM provided guarantees or financial support; (2) a program announced by the UST in March 2009 to provide financial assistance to automotive suppliers (Receivables Program); (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which Old GM provided residual guarantees; and (5) an entity which manages certain private equity investments held by our and Old GM's defined benefit plans, along with seven associated general partner entities.

Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit. In the event that creditors or beneficial interest holders were to have such recourse to our or Old GM's general credit, we or Old GM could be held liable for certain of the VIEs' obligations. GM Daewoo Auto & Technology Co. (GM Daewoo), a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Daewoo's short-term debt of $70 million, preferred shares classified as long-term debt of $835 million and current derivative liabilities of $111 million at December 31, 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to Korean Development Bank, a minority shareholder in GM Daewoo, to redeem GM Daewoo's preferred shares should GM Daewoo not have sufficient legally distributable earnings.

The following table summarizes the carrying amount of consolidated VIEs that we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor	
	December 31, 2010 (a)(b)	December 31, 2009 (a)
Assets		
Cash and cash equivalents	$ 145	$ 15
Restricted cash and marketable securities	1	191
Accounts and notes receivable, net	121	14
Inventories	108	15
Other current assets	14	—
Property, net	44	5
Other assets	48	33
Total assets	$ 481	$ 273
Liabilities		
Accounts payable (principally trade)	$ 226	$ 17
Short-term borrowings and current portion of long-term debt	5	205
Accrued liabilities	34	10
Other liabilities	42	23
Total liabilities	$ 307	$ 255

(a) Amounts exclude GM Daewoo.

(b) At December 31, 2010 GM Egypt had Total assets of $401 million and Total liabilities of $277 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded in earnings related to consolidated VIEs we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)(b)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (a)	Year Ended December 31, 2008 (a)
Total net sales and revenue	$ 753	$ 41	$ 31	$ 40
Automotive cost of sales	623	8	(1)	5
Automotive selling, general administrative expense	34	8	5	(11)
Other automotive expenses, net	3	9	10	19
Automotive interest expense	6	14	22	—
Interest income and other non-operating income, net	6	—	—	—
Reorganization loss, net	—	—	26	—
Income tax expense	11	1	—	—
Equity income, net of tax	2	—	—	—
Net income (loss)	$ 84	$ 1	$ (31)	$ 27

(a) Amounts exclude GM Daewoo.

(b) In the year ended December 31, 2010 GM Egypt recorded Total net sales and revenue of $714 million.

GM Egypt

GM Egypt, of which we own 31%, is an automotive manufacturing organization that was previously accounted for using the equity method of accounting. GM Egypt was founded in March 1983 to assemble and manufacture vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. In connection with our adoption of amendments to ASC 810, we consolidated GM Egypt in January 2010.

Receivables Program

At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. The equity interests held by Old GM and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plants, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million, increasing our ownership interest from 50% to 100%. CAMI is a wholly-owned subsidiary and therefore not included in the previous tabular disclosure.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive Financing

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts which are structured without recourse.

GM Financial's continuing involvement with the credit facilities and securitization trusts includes servicing loans held by the SPEs and holding a residual interest in the SPE. The SPEs are considered VIEs because they do not have sufficient equity at risk, and are consolidated because GM Financial is the primary beneficiary and has the power over those activities that most significantly affect the economic performance of the SPEs, and has an obligation to absorb losses or the right to receive benefits from the SPEs which are potentially significant. Refer to Notes 6, 7 and 19 for additional information on GM Financial's involvement with the SPEs.

GM Financial is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The finance receivables and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 6 and 7 for disclosures related to the amounts held by the SPEs as of the balance sheet dates.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated because we are not or Old GM was not the primary beneficiary primarily include: (1) troubled suppliers for which we provide or Old GM provided guarantees or financial support; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles and related services; (3) leasing entities for which residual value guarantees were made; (4) certain research entities for which annual ongoing funding requirements exist; and (5) Ally Financial.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production are not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we provide and Old GM provided include, but are not limited to: (1) funding in the form of a loan; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price increases or changes in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs is not expected to be in excess of the amount of net accounts and notes receivable recorded with the suppliers and any related guarantees and loan commitments.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. The majority of these joint ventures are typically self-funded and financed with no contractual terms that require us to provide future financial support. Future funding is required for HKJV, as subsequently discussed. The maximum exposure to loss is not expected to be in excess of the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates, and any related capital funding requirements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 32 (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Carrying Amount	Maximum Exposure to Loss (a)	Carrying Amount	Maximum Exposure to Loss (a)
Assets				
Accounts and notes receivable, net	$ 108	$ 108	$ 8	$ 8
Equity in net assets of nonconsolidated affiliates	274	274	96	50
Other assets	60	59	26	26
Total assets	$ 442	$ 441	$ 130	$ 84
Liabilities				
Accounts payable (principally trade)	$ 1	$ —	$ —	$ —
Other liabilities	44	—	—	—
Total liabilities	$ 45	$ —	$ —	$ —
Off-Balance Sheet				
Residual value guarantees		$ —		$ 32
Loan commitments (b)		100		115
Other guarantees		3		4
Other liquidity arrangements (c)		223		—
Total guarantees and liquidity arrangements		$ 326		$ 151

(a) Amounts at December 31, 2010 and 2009 included $148 million and $139 million related to troubled suppliers.

(b) Amounts at December 31, 2010 and 2009 include undrawn loan commitments, primarily $100 million related to American Axle and Manufacturing Holdings, Inc. (American Axle).

(c) Amounts at December 31, 2010 include capital funding requirements, primarily an additional contingent future funding requirement of up to $223 million related to HKJV.

Stated contractual voting or similar rights for certain of our joint venture arrangements provide various parties with shared power over the activities that most significantly affect the economic performance of certain nonconsolidated VIEs. Such nonconsolidated VIEs are operating joint ventures located in developing international markets.

American Axle

In September 2009 we paid $110 million to American Axle, a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquire warrants to purchase 4 million shares of American Axle's common stock. We also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of American Axle that most significantly affect its economic performance. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which expose us to possible future losses depending on the financial performance of American Axle. At December 31, 2010 no amounts were outstanding under the second lien term loan facility. At December 31, 2010 our maximum contractual exposure to loss related to American Axle was $144 million, which represented the fair value of the warrants of $44 million and the potential

Table of Contents

exposure of $100 million related to the second lien term loan facility. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

Ally Financial

We own 9.9% of Ally Financial's common stock and preferred stock with a liquidation preference of $1.0 billion. Ally Financial is a VIE as it does not have sufficient equity at risk; however, we are not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of Ally Financial that most significantly affect its economic performance. Refer to Notes 11 and 32 for additional information on our investment in Ally Financial, our significant agreements with Ally Financial and our maximum exposure under those agreements.

Saab

Our primary variable interest in Saab is the preference shares that we received in connection with the sale, which have a face value of $326 million and were recorded at an estimated fair value that is insignificant. We concluded that Saab is a VIE as it does not have sufficient equity at risk. We also determined that we are not the primary beneficiary because we lack the power to direct those activities that most significantly affect its economic performance. We continue to be obligated to fund certain Saab related liabilities, primarily warranty obligations related to vehicles sold prior to the disposition of Saab. At December 31, 2010 our maximum exposure to loss related to Saab was $105 million. Refer to Note 5 for additional information on the sale of Saab.

HKJV

In December 2009 we established the HKJV operating joint venture to invest in automotive projects outside of China, initially focusing on markets in India. HKJV purchased GM India in February 2010. We determined that HKJV is a VIE because it will require additional subordinated financial support, and we determined that we are not the primary beneficiary because we share the power with SAIC-HK to direct those activities that most significantly affect HKJV's economic performance. Refer to Note 5 for additional information on HKJV.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 18. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities, other liabilities and deferred income taxes:

	Successor	
	December 31, 2010	December 31, 2009
Current		
Dealer and customer allowances, claims and discounts	$ 6,885	$ 6,444
Deposits from rental car companies	5,037	4,583
Deferred revenue	1,104	892
Policy, product warranty and recall campaigns	2,587	2,965
Payrolls and employee benefits excluding postemployment benefits	2,141	1,325
Insurance reserves	245	243
Taxes other than income taxes	1,083	1,031
Derivative liability	115	568
Postemployment benefits including facility idling reserves	672	985
Interest	48	142
Pensions	425	430
Income taxes	702	219
Deferred income taxes	23	57
Other	2,352	2,404
Total accrued liabilities	$ 23,419	$ 22,288
Non-current		
Dealer and customer allowances, claims and discounts	$ 344	$ 1,311
Deferred revenue	753	480
Policy, product warranty and recall campaigns	4,202	4,065
Payrolls and employee benefits excluding postemployment benefits	1,549	1,818
Insurance reserves	285	269
Derivative liability	7	146
Postemployment benefits including facility idling reserves	1,574	1,944
Income taxes	650	944
Deferred income taxes	1,207	807
Other	2,450	1,495
Total other liabilities and deferred income taxes	$ 13,021	$ 13,279

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,030	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	3,204	1,388	1,069	4,277
Payments	(3,662)	(1,797)	(1,851)	(5,068)
Adjustments to pre-existing warranties	210	66	(153)	294
Effect of foreign currency translation	7	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	(77)	—
Ending balance	6,789	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 6,789	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 19. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of automotive short-term debt and current portion of long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
UST Loans	$ —	$ 5,712
Canadian Loan	—	1,233
GM Daewoo Revolving Credit Facility	—	1,179
Short-term debt — third parties	80	296
Short-term debt— related parties (a)	1,043	1,077
Current portion of long-term debt	493	724
Total automotive short-term debt and current portion of long-term debt	$ 1,616	$ 10,221
Available under short-term line of credit agreements (b)	$ 445	$ 220
Interest rate range on outstanding short-term debt (c)	0.0 –16.7%	0.0 –19.0%
Weighted-average interest rate on outstanding short-term debt (d)	5.7%	6.5%

(a) Primarily dealer financing from Ally Financial for dealerships we consolidate.

(b) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

(c) Includes zero coupon debt.

(d) Includes coupon rates on debt denominated in various foreign currencies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of automotive long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
VEBA Notes	$ —	$ 2,825
Other long-term debt	3,507	3,461
Total debt	3,507	6,286
Less current portion of long-term debt	(493)	(724)
Total automotive long-term debt	$ 3,014	$ 5,562
Available under long-term line of credit agreements (a)	$ 5,474	$ 398

(a) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

Automotive Financing

The following table summarizes the components of GM Financial debt (dollars in millions):

	Successor
	December 31, 2010
Credit facilities	
Medium-term note facility	$ 490
Syndicated warehouse facility	278
Bank funding facilities	64
Total credit facilities	832
Securitization notes payable	6,128
Senior notes and convertible senior notes (a)	72
Total GM Financial debt	$ 7,032

(a) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Automotive

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;
- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for a facility of this nature.

UST Loans and UST Loan Agreement

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, there was no deposit remaining in escrow at December 31, 2010.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. In

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

March 2010 and December 2009 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account.

While we have repaid the UST Loans in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The following table summarizes interest expense and interest paid on the UST Loans, the loans under the UST Loan Agreement (UST Loan Facility) and the DIP Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$ 117	$ 226	$ 4,006
Interest paid	$ 206	$ 137	$ 144

(a) UST Loans.

(b) UST Loan Facility and the DIP Facility.

VEBA Notes

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion to the New VEBA. The VEBA Notes had an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest were contractually scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017.

The obligations under the VEBA Note Agreement were secured by substantially all of our U.S. assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

The following table summarizes interest expense on the VEBA Notes (dollars in millions):

	Successor
	Year Ended December 31, 2010
Interest expense	$ 166

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes interest expense and interest paid on the Canadian Loan and the EDC Loan Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$ 26	$ 46	$ 173
Interest paid	$ 26	$ 46	$ 6

(a) Canadian Loan.

(b) EDC Loan Facility.

GM Daewoo Revolving Credit Facility

GM Daewoo's revolving credit facility was a Korean Won denominated facility secured by substantially all of GM Daewoo's property, plants, and equipment. Amounts borrowed under this facility accrued interest based on the Korean Won denominated 91-day certificate of deposit rate. The facility was used by GM Daewoo for general corporate purposes, including working capital needs. During 2010 GM Daewoo repaid in full its KRW 1.4 trillion (equivalent of $1.2 billion at the time of payment) revolving credit facility.

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into). In November 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$ 32	$ 5
Interest paid	$ 37	$ —

Other Long-Term Debt

	Successor	
	December 31, 2010	December 31, 2009
Unsecured debt	$ 1,985	$ 1,228
Secured debt	868	1,540
Capital leases	654	693
Total other long-term debt (a)	$ 3,507	$ 3,461
Weighted-average coupon rate	2.7%	5.8%

(a) Net of a $1.9 billion and $1.6 billion discount at December 31, 2010 and 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Technical Defaults and Covenant Violations

Several of our loan facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2010.

Automotive Financing

Credit Facilities

The following table summarizes details regarding terms and availability of GM Financial's credit facilities at December 31, 2010 (in millions):

	Facility Amount	Advances Outstanding	Finance Receivables Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$1,300	$ 278	$ 409	$ 8
Medium-term note facility (c)		490	539	95
Bank funding facilities (d)		64	—	—
		$ 832	$ 948	$ 103

(a) These amounts do not include cash collected on finance receivables pledged of $28 million which is included in GM Financial Restricted cash at December 31, 2010.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(d) The revolving period under this facility has ended and the outstanding balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial's credit facilities are administered by agents on behalf of institutionally managed commercial paper or medium-term note conduits. Under these funding agreements, GM Financial transfers finance receivables to its special purpose financing trusts. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to GM Financial in consideration for the transfer of finance receivables. These subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by these subsidiaries and are not available to GM Financial's creditors or their other subsidiaries. Advances under the funding agreements bear interest at commercial paper, London Interbank Offered Rates (LIBOR) or prime rates plus a credit spread and specified fees depending upon the source of funds provided by the agents.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2010 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 15 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase price premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2010 unamortized purchase price premium of $107 million is included in Securitization notes payable.

The following table summarizes securitization notes payable at December 31, 2010 (dollars in millions):

Transaction	Maturity Dates (a)	Original Note Amounts	Original Weighted Average Interest Rates	Total Receivables Pledged	Note Balance
2006	May 2013 – January 2014	$ 945 -1,350	5.2% - 5.6%	$ 600	$ 537
2007	October 2013 – March 2016	$1,000 -1,500	5.2% - 5.5%	1,715	1,610
2008 (b)	October 2014 – April 2015	$ 500 - 750	6.0% -10.5%	911	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	715	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	3,014	2,683
BV2005 (c)	May 2012 – June 2014	$ 186 - 232	4.6% - 5.1%	27	28
LB2006 (c)	May 2013 – January 2014	$ 450 - 500	5.0% - 5.4%	174	168
				$ 7,156	$6,021
Purchase accounting premium					107
Total securitization notes payable					$6,128

(a) Maturity date represents final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

(b) Note balance does not include asset-backed securities of $65 million pledged to the bank funding facilities.

(c) Transactions relate to certain special purpose financing trusts acquired by GM Financial.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2010 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Senior Notes and Convertible Senior Notes

As a result of the acquisition of AmeriCredit, the holders of the senior notes and the convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. The repurchase dates for any notes tendered to GM Financial pursuant to procedures previously delivered to holders of senior notes and convertible senior notes were December 3, 2010 with respect to the senior notes, and December 10, 2010 with respect to the convertible senior notes. The repurchase price with respect to the senior notes is 101% of the principal amount of the notes plus accrued interest, and the repurchase price with respect to the convertible senior notes is the principal amount of the notes plus accrued interest. Pursuant to the terms of the convertible senior notes indentures a payment of $0.69 per $1,000 of principal amount of the convertible senior notes due in 2011 and $0.81 per $1,000 of principal amount of the convertible senior notes due in 2013 was made to those who elected to convert as a result of the acquisition. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes of $461 million and senior notes of $2 million.

Long-Term Debt Maturities

Consolidated

The following table summarizes long-term debt maturities including capital leases (dollars in millions):

	At December 31,		
	Automotive	Automotive Financing (a)	Total
2011	$ 493	$ 3,495	$ 3,988
2012	752	1,998	2,750
2013	400	660	1,060
2014	132	423	555
2015	128	343	471
Thereafter	3,506	—	3,506
	$ 5,411	$ 6,919	$12,330

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2010 future interest payments on automotive capital lease obligations was $564 million. GM Financial does not have capital lease obligations at December 31, 2010.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest accrued or paid (a)	$ 176	$ 427
Amortization of discounts	51	136
Interest expense	$ 227	$ 563

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 20. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for the participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008, and we reinstated the matching contribution for

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the S-SPP in October 2009. The contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date on or after January 1, 1993 was discontinued effective on January 1, 2010. For eligible U.S. salaried employees with a service commencement date on or after January 1, 2001 a retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided. Contributions are also made to certain non-U.S. defined contribution plans. Certain U.S. hourly employees are not eligible for postretirement healthcare. Such employees receive a $1.00 per compensated hour contribution into their Personal Saving Plan account.

The following table summarizes contributions to defined contribution plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total contributions	$ 241	$ 100	$ 70	$ 297

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

Significant interim remeasurements are included in the change in benefit obligation for the year ended December 31, 2010. There were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act was signed into law in March 2010 and contains provisions that require all future reimbursement receipts under the Medicare Part D retiree drug subsidy program to be included in taxable income. This taxable income inclusion will not significantly affect us because effective January 1, 2010 we no longer provide prescription drug coverage to post-age 65 Medicare-eligible participants and we have a full valuation allowance against our net deferred tax assets in the U.S. We have assessed the other provisions of this new law, based on information known at this time and we have included the effect, which is not significant, in our benefit obligations at December 31, 2010.

Expected Contributions

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at approximately $2.2 billion for funding purposes. This was a voluntary contribution that is above our minimum funding requirements of the pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. We are evaluating whether we will make additional voluntary contributions to our U.S. pension plans in 2011. We expect to contribute $95 million to our U.S. non-qualified pension plans and $740 million to our non-U.S. pension plans in 2011.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the significant defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

		Successor					
		July 10, 2009 Through December 31, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (b)	U.S. hourly defined benefit pension plan	—	—	$ 58	$ —	$ —	$ (58)
Global salaried workforce reductions (b)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 UAW Retiree Settlement Agreement — December	UAW hourly retiree medical plan	—	—	(22,654)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November (c)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree healthcare plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August (c)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$ (17,563)	$ —	$ (2,571)	$ (233)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost and benefit payments. Excludes effect of asset returns that are higher or lower than expected.

(b) Reflects the effect on PBO. There was no remeasurement.

(c) Includes reclassification of contingent liability to benefit plan obligation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

		Predecessor					
		January 1, 2009 Through July 9, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$ (1,390)	$ —	$ (12)
Global salaried workforce reductions — June	U.S. salaried defined benefit pension plan			24	(327)	—	—
U.S. salaried benefits changes — February	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June	U.S. salaried retiree healthcare program			(265)	—	—	—
2009 CAW Agreement — June	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$ (457)	$ (1,624)	$ —	$ (38)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost, benefit payments and effect of foreign currency translation. Excludes effect of asset returns that are higher or lower than expected.

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions, settlements of pre-bankruptcy claims with various represented employee groups and plan amendments resulted in plan remeasurements as follows:

- Special attrition programs resulted in a reduction in the hourly workforce;
- Global salaried workforce actions reduced employment;
- The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the hourly Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements; and
- U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 we and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred on December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$ (5,667)	$ (4,252)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 72	$ —	$ —
Current liability	(93)	(332)	(440)	(185)
Non-current liability	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$ (5,667)	$ (4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (a)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$(10,347)	$ (5,757)	$ (3,797)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Non-current liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$(10,347)	$ (5,757)	$ (3,797)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,803	$ (833)	$ (212)	$ (65)
Net prior service credit	13	9	1	89
Total recorded in Accumulated other comprehensive income (loss)	$ 3,816	$ (824)	$ (211)	$ 24

(a) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,135	$ 19,995	$ 39,960	$ 2,930
Service cost	243	155	69	12
Interest cost	3,077	596	1,615	102
Plan participants' contributions	—	8	169	—
Amendments	(8)	(584)	(705)	(482)
Actuarial (gains) losses	(260)	959	77	436
Benefits paid	(5,319)	(769)	(2,115)	(90)
Medicare Part D receipts	—	—	150	—
Foreign currency translation adjustments	—	856	—	159
Curtailments, settlements, and other	1,559	(76)	8	(15)
Ending benefit obligation	97,427	21,140	39,228	3,052
Effect of application of fresh-start reporting	585	252	(11,589)	368
Ending benefit obligation including effect of application of fresh-start reporting	98,012	21,392	27,639	3,420
Change in plan assets				
Beginning fair value of plan assets	84,545	8,086	9,969	—
Actual return on plan assets	(203)	227	444	—
Employer contributions	57	529	1,947	90
Plan participants' contributions	—	8	169	—
Benefits paid	(5,319)	(769)	(2,115)	(90)
Foreign currency translation adjustments	—	516	—	—
Other	41	(197)	(10)	—
Ending fair value of plan assets	79,121	8,400	10,404	—
Effect of application of fresh-start reporting	(628)	216	298	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	8,616	10,702	—
Ending funded status	(18,306)	(12,740)	(28,824)	(3,052)
Effect of application of fresh-start reporting	(1,213)	(36)	11,887	(368)
Ending funded status including effect of application of fresh-start reporting	$ (19,519)	$(12,776)	$ (16,937)	$ (3,420)
Amounts recorded in the consolidated balance sheet				
Non-current assets	$ —	$ 97	$ —	$ —
Current liability	(74)	(339)	(1,809)	(147)
Non-current liability	(19,445)	(12,534)	(15,128)	(3,273)
Net amount recorded	$ (19,519)	$(12,776)	$ (16,937)	$ (3,420)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$ (38,007)	$ (7,387)	$ (1,631)	$ (1,005)
Net prior service credit (cost)	(1,644)	754	5,028	860
Transition obligation	—	(7)	—	—
Total recorded in Accumulated other comprehensive income (loss)	(39,651)	(6,640)	3,397	(145)
Effect of application of fresh-start reporting	39,651	6,640	(3,397)	145
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ —	$ —	$ —

In the year ended December 31, 2010 we experienced actual return on plan assets on our U.S. pension plan assets of $11.6 billion

compared to expected returns of $6.6 billion that were recognized as a component of our net pension expense. As a result of the U.S. hourly defined benefit pension plan interim remeasurement, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurement. The market related

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2010 is $4.1 billion lower than the actual fair value of plan assets for U.S. pension plans and $319 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not be fully reflected in net pension expense in the year ending December 31, 2011. Refer to Note 4 for additional information on our use of the market-related value of plan assets accounting policy.

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$103,110	$ 24,371	$101,397	$ 23,615
Plans with ABO in excess of plan assets				
ABO	$103,090	$ 23,519	$101,397	$ 22,708
Fair value of plan assets	$ 90,983	$ 13,959	$ 84,500	$ 12,721
Plans with PBO in excess of plan assets				
PBO	$103,375	$ 24,350	$101,571	$ 23,453
Fair value of plan assets	$ 90,983	$ 14,419	$ 84,500	$ 13,008

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense for the year ended December 31 (b)				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	—
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $97 million.

(b) Determined at the beginning of the period and updated for remeasurements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for the year ended December 31(b)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Components of expense								
Service cost	$ 243	$ 527	$ 155	$ 410	$ 69	$ 241	$ 12	$ 32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Expected return on plan assets	(3,810)	(8,043)	(364)	(969)	(444)	(1,281)	—	—
Amortization of prior service cost (credit)	429	1,077	(12)	407	(1,051)	(1,918)	(63)	(86)
Amortization of transition obligation	—	—	2	6	—	—	—	—
Recognized net actuarial loss	715	317	193	275	32	508	23	110
Curtailments, settlements, and other losses (gains)	1,720	3,823	97	270	21	(3,476)	(123)	11
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 667	$ 1,668	$ 242	$ (2,407)	$ (49)	$ 292
Weighted-average assumptions used to determine benefit obligations at period end								
Discount rate	5.86%	6.27%	5.82%	6.22%	6.86%	8.25%	5.47%	7.00%
Rate of compensation increase	3.94%	5.00%	3.23%	3.59%	1.48%	2.10%	4.45%	4.45%
Weighted-average assumptions used to determine net expense for the period (a)								
Discount rate	6.27%	6.56%	6.23%	5.77%	8.11%	7.02%	6.77%	5.90%
Expected return on plan assets	8.50%	8.50%	7.74%	7.78%	8.50%	8.40%	—	—
Rate of compensation increase	5.00%	5.00%	3.08%	3.59%	1.87%	3.30%	4.45%	4.00%

(a) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans(a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	-$25	-$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated above market returns.

In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated assumptions for equities and equity-like asset classes. This analysis included a study of capital market assumptions and the selection of a policy portfolio that is optimal in the context of the plans' fiduciaries objectives. The selected portfolio is composed of a number of asset classes with favorable return characteristics including: a significant allocation to debt securities with credit exposure, some of which have expected returns that are similar to that of equities, significant exposures to private market securities (equity, debt, and real estate) and absolute return strategies (i.e., hedge fund strategies with low exposure to market risks). The expected long-term rate of return assumption is enhanced by these diversified strategies and is consistent with the long-term historical return for the U.S. plans.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans, and the rate of 7.42% for the year ended December 31, 2010 is a weighted-average of all of the funded non-U.S. plans.

Target Allocation Percentages

Minor changes were made to the U.S. target allocation percentages by asset category as a result of the asset and liability study that was approved in December 2010.

An asset and liability study conducted of the Canadian plans' target allocation percentages was approved by GMCL's Board of Directors and became effective in July 2010. Significant changes were made to the target allocation percentages by asset category as a result of this study. The study was generated following a contribution to the Canadian plans in September 2009 of CAD $4.0 billion which improved the funded position. A less aggressive asset mix was implemented to preserve this position by shifting the target allocation away from return seeking equity type assets toward a liability hedging strategy that utilizes more fixed income assets.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity securities	29.0%	36.0%	28.0%	64.0%
Debt securities	41.0%	48.0%	42.0%	24.0%
Real estate	8.0%	9.0%	9.0%	9.0%
Other (a)	22.0%	7.0%	21.0%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

(a) Includes private equity and absolute return strategies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension Plan Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ —	$ 620	$ —	$ 620	$ 620
Common and preferred stocks	—	—	—	—	2,781	13	—	2,794	2,794
Government and agency debt securities (a)	—	—	—	—	—	3,410	4	3,414	3,414
Corporate debt securities (b)	—	—	—	—	—	1,964	41	2,005	2,005
Agency mortgage and asset-backed securities	—	—	—	—	—	44	—	44	44
Non-agency mortgage and asset-backed securities	—	—	—	—	—	86	—	86	86
Private equity and debt investments	—	—	—	—	—	—	169	169	169
Real estate assets	—	—	—	—	—	—	926	926	926
Derivatives	—	—	—	—	—	75	—	75	75
Total direct investments	—	—	—	—	2,781	6,212	1,140	10,133	10,133
Investment funds									
Cash equivalent funds	—	—	—	—	—	97	—	97	97
Equity funds	—	12,395	—	12,395	2	2,001	200	2,203	14,598
Fixed income funds	—	9,339	—	9,339	—	1,085	—	1,085	10,424
Multi-strategy funds	—	2,544	—	2,544	—	34	—	34	2,578
Real estate funds	—	—	—	—	11	39	337	387	387
Other investment funds (c)	—	—	—	—	—	—	432	432	432
Total investment funds	—	24,278	—	24,278	13	3,256	969	4,238	28,516
Other	—	—	—	—	—	104	281	385	385
Total assets before Investment Trusts	—	24,278	—	24,278	2,794	9,572	2,390	14,756	39,034
Liabilities									
Derivatives	—	—	—	—	—	(52)	—	(52)	(52)
Total liabilities before Investment Trusts	—	—	—	—	—	(52)	—	(52)	(52)
Net assets before Investment Trusts	$ —	$24,278	$ —	24,278	$2,794	$9,520	$2,390	14,704	38,982
Investment Trusts (d)				66,918				—	66,918
Total net assets and Investment Trusts				91,196				14,704	105,900
Other plan assets and liabilities (e)				(189)				199	10
Net plan assets				$ 91,007				$ 14,903	$105,910

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stocks	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets	—	—	—	—	14	—	825	839	839
Derivatives	—	—	—	—	—	66	—	66	66
Total direct investments	—	—	—	—	3,248	5,308	1,132	9,688	9,688
Investment funds									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
Fixed income funds	—	9,643	4,221	13,864	—	1,012	—	1,012	14,876
Multi-strategy funds	—	2,337	—	2,337	—	18	—	18	2,355
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other investment funds (c)	—	—	—	—	—	8	95	103	103
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Total assets before Investment Trusts	—	27,391	4,221	31,612	3,268	9,166	1,519	13,953	45,565
Liabilities									
Derivatives	—	—	—	—	—	(43)	—	(43)	(43)
Total liabilities before Investment Trusts	—	—	—	—	—	(43)	—	(43)	(43)
Net assets before Investment Trusts	$ —	$27,391	$4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (d)				53,043				—	53,043
Total net assets and Investment Trusts				84,655				13,910	98,565
Other plan assets and liabilities (e)				(155)				117	(38)
Net plan assets				$84,500				$ 14,027	$98,527

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following table summarizes the fair value of derivative assets and liabilities owned by the non-U.S. plans by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Foreign currency contracts	$ 56	$ 66
Equity contracts	19	—
Total derivative assets	75	66
Derivative liabilities		
Foreign currency contracts	(45)	(43)
Equity contracts	(7)	—
Total derivative liabilities	(52)	(43)
Total net derivative assets	$ 23	$ 23

The following tables summarize the activity for U.S. plan assets classified in Level 3, other than assets held in Investment Trusts (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Fixed income funds	$ 4,221	$ —	$ —	$ —	$ (4,221)	$ —

	Successor					
	July 10 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Fixed income funds	$ 5,488	$ 910	$ 158	$ (2,335)	$ —	$ 4,221

	Predecessor					
	January 1 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Fixed income funds	$ 4,508	$ 998	$ 7	$ (25)	$ —	$ 5,488

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Successor Year Ended December 31, 2010						
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2010
Direct investments							
Government and agency debt securities	$ 65	$ 1	$ (3)	$ (13)	$ (46)	$ —	$ 4
Corporate debt securities	109	2	—	(35)	(38)	3	41
Agency mortgage and asset-backed securities	7	—	—	—	(7)	—	—
Non-agency mortgage and asset-backed securities	16	10	(11)	(5)	(10)	—	—
Private equity and debt investments	110	15	—	36	—	8	169
Real estate assets	825	29	1	22	7	42	926
Total direct investments	1,132	57	(13)	5	(94)	53	1,140
Investment funds							
Equity funds	75	30	2	(72)	155	10	200
Real estate funds	217	28	(1)	101	—	(8)	337
Other investment funds	95	44	—	68	212	13	432
Total investment funds	387	102	1	97	367	15	969
Other investments	—	17	—	(9)	253	20	281
Total non-U.S. plan assets	$ 1,519	$ 176	$ (12)	$ 93	$ 526	$ 88	$ 2,390

	Successor July 10, 2009 Through December 31, 2009						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset-backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$ 1,308	$ 11	$ (15)	$ 68	$ 42	$ 105	$ 1,519

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	January 1, 2009 Through July 9, 2009						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments							
Government and agency debt securities	$ —	$ —	$ —	$ 4	$ 4	$ —	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset-backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$ 1,350	$ (152)	$ (2)	$ 31	$ (1)	$ 82	$ 1,308

Transfers In and/or Out of Level 3

In the year ended December 31, 2010, fixed income funds of $4.2 billion within the U.S. plan assets were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

There were no significant transfers in and/or out of Level 3 within the non-U.S. plan assets.

Fund Investment Strategies

Cash equivalent funds asset class includes funds that primarily invest in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities.

Equity funds asset class includes funds that primarily invest in U.S. equities as well as equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative, and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds asset class includes investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds primarily invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds primarily invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds typically invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds asset class includes funds that primarily invest in a portfolio of alternative investment funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of alternative investment funds and/or investment managers.

Global macro funds asset class includes funds that primarily enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies, and physical commodities markets while minimizing downside risk. Global macro managers employ a global approach and may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds asset class includes funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks), and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Real estate funds asset class includes funds that primarily invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category typically employ single strategies such as event-driven or relative value.

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans were 99.0% and 97.4% on a combined basis at December 31, 2010 and 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. pension plans' funded beneficial interest	$ 66,918	$ 53,043
OPEB 401(h) plans' funded beneficial interest	—	3
Interests held in trusts by plans of other employers	646	969
Total fair value of underlying assets of Investment Trusts	67,564	54,015
Less:		
Cash	(2,828)	(3,022)
Net non-security (assets) liabilities	126	(323)
Net assets of the Investment Trusts	$ 64,862	$ 50,670

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the fair value of the underlying net assets by asset class held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2010 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 6,920	$ —	$ 6,920
Common and preferred stocks	6,756	788	64	7,608
Government and agency debt securities (b)	—	5,402	75	5,477
Corporate debt securities (c)	—	8,252	562	8,814
Agency mortgage and asset-backed securities	—	476	—	476
Non-agency mortgage and asset-backed securities	—	1,863	831	2,694
Group annuity contracts	—	—	3,115	3,115
Investment funds				
Equity funds	20	436	382	838
Fixed income funds	48	543	2,287	2,878
Funds of hedge funds	—	516	6,344	6,860
Global macro funds	—	111	4	115
Multi-strategy funds	—	2,080	3,566	5,646
Other investment funds	—	150	188	338
Private equity and debt investments	—	—	8,297	8,297
Real estate assets (d)	1,648	1	5,792	7,441
Derivatives	73	1,407	24	1,504
Total assets	8,545	28,945	31,531	69,021
Liabilities				
Common and preferred stocks (e)	(1,287)	(121)	—	(1,408)
Debt securities (e)	—	—	(2)	(2)
Real estate assets (e)	(41)	—	—	(41)
Derivatives	(184)	(2,441)	(83)	(2,708)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)
Total net assets	$ 7,033	$26,383	$31,446	$64,862

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stocks	4,614	177	53	4,844
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,988	1,764	6,752
Agency mortgage and asset-backed securities	—	394	6	400
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Group annuity contracts	—	—	3,301	3,301
Investment funds				
Equity funds	299	226	576	1,101
Fixed income funds	570	960	2,267	3,797
Funds of hedge funds	—	641	4,455	5,096
Global macro funds	95	266	719	1,080
Multi-strategy funds	34	1,170	1,829	3,033
Other investment funds	1	76	459	536
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (d)	325	—	5,209	5,534
Derivatives	170	1,246	320	1,736
Total assets	6,108	18,875	31,245	56,228
Liabilities				
Common and preferred stocks (e)	(2,102)	(8)	(2)	(2,112)
Debt securities (e)	—	(18)	(3)	(21)
Real estate assets (e)	(33)	—	—	(33)
Derivatives	(113)	(3,071)	(208)	(3,392)
Total liabilities	(2,248)	(3,097)	(213)	(5,558)
Total net assets	$ 3,860	$15,778	$31,032	$50,670

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of derivative assets and liabilities owned by the Investment Trusts by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Interest rate contracts	$ 1,251	$ 1,297
Foreign exchange contracts	92	309
Equity contracts	96	36
Credit contracts	65	94
Total derivative assets	1,504	1,736
Derivative liabilities		
Interest rate contracts	(2,294)	(3,206)
Foreign exchange contracts	(146)	(76)
Equity contracts	(243)	(49)
Credit contracts	(25)	(61)
Total derivative liabilities	(2,708)	(3,392)
Total net derivative assets (liabilities)	$ (1,204)	$ (1,656)

The following tables summarize the activity of the underlying net assets of the Investment Trusts classified in Level 3 (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 23	$ (20)	$ 4	$ 4	$ 64
Government and agency debt securities	1,552	(8)	17	(163)	(1,323)	75
Corporate debt securities	1,764	56	(5)	(543)	(710)	562
Agency mortgage and asset-backed securities	6	—	—	(1)	(5)	—
Non-agency mortgage and asset-backed securities	1,525	393	(249)	(167)	(671)	831
Group annuity contracts	3,301	(95)	161	(252)	—	3,115
Investment funds						
Equity funds	576	(1)	16	7	(216)	382
Fixed income funds	2,267	136	94	(307)	97	2,287
Funds of hedge funds	4,455	103	325	1,500	(39)	6,344
Global macro funds	719	103	(92)	(614)	(112)	4
Multi-strategy funds	1,829	359	26	1,521	(169)	3,566
Other investment funds	459	(2)	(29)	(161)	(79)	188
Private equity and debt investments	7,210	578	590	(81)	—	8,297
Real estate assets	5,209	523	57	3	—	5,792
Total assets	30,925	2,168	891	746	(3,223)	31,507
Liabilities						
Common and preferred stocks	(2)	—	—	—	2	—
Debt securities	(3)	—	—	—	1	(2)
Total liabilities	(5)	—	—	—	3	(2)
Derivatives, net	112	(54)	3	(38)	(82)	(59)
Total net assets	$ 31,032	$ 2,114	$ 894	$ 708	$(3,302)	$ 31,446

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Assets						
Common and preferred stocks	$ 17	$ 12	$ (6)	$ 35	$ (5)	$ 53
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	615	233	1,764
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Group annuity contracts	3,393	(33)	74	(133)	—	3,301
Investment funds						
Equity funds	538	87	(7)	(20)	(22)	576
Fixed income funds	2,179	736	(397)	32	(283)	2,267
Funds of hedge funds	3,480	321	1	653	—	4,455
Global macro funds	864	157	(5)	(31)	(266)	719
Multi-strategy funds	1,100	49	112	719	(151)	1,829
Other investment funds	318	16	1	124	—	459
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Total assets	25,533	1,296	199	2,809	1,088	30,925
Liabilities						
Common and preferred stocks	(4)	(1)	—	2	1	(2)
Debt securities	—	—	—	(3)	—	(3)
Total liabilities	(4)	(1)	—	(1)	1	(5)
Derivatives, net	(314)	(8)	(22)	66	390	112
Total net assets	$ 25,215	$ 1,287	$ 177	$ 2,874	$ 1,479	$ 31,032

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Assets						
Common and preferred stocks	$ 11	$ (2)	$ 2	$ 6	$ —	$ 17
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Group annuity contracts	3,316	(57)	83	51	—	3,393
Investment funds						
Equity funds	456	18	—	64	—	538
Fixed income funds	1,427	498	—	254	—	2,179
Funds of hedge funds	3,106	27	—	347	—	3,480
Global macro funds	1,351	(20)	82	(549)	—	864
Multi-strategy funds	1,486	24	6	(416)	—	1,100
Other investment funds	701	(73)	(19)	(281)	(10)	318
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Total assets	28,652	(3,046)	17	(65)	(25)	25,533
Liabilities						
Common and preferred stocks	(1)	1	1	(5)	—	(4)
Total liabilities	(1)	1	1	(5)		(4)
Derivatives, net	1,420	(1,469)	(229)	(36)	—	(314)
Total net assets (liabilities)	$ 30,071	$ (4,514)	$ (211)	$ (106)	$ (25)	$ 25,215

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Trusts Transfers In and/or Out of Level 3

During the year ended December 31, 2010 significant transfers out of Level 3 to Level 2 included government and agency debt securities of $1.3 billion, corporate debt securities of $0.7 billion and non-agency mortgage and asset-backed securities of $0.7 billion. These transfers were primarily the result of improved pricing transparency of these securities, which allowed management to corroborate observable pricing inputs received from independent pricing services.

During the year ended December 31, 2010 investment funds of $0.6 billion were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the Investment Trusts to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

OPEB Plan Assets and Fair Value Measurements

As a result of the December 31, 2009 UAW hourly retiree medical plan settlement, there were no significant OPEB plan assets at December 31, 2010.

The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor			
	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments				
Cash equivalents and other short-term investments	$ —	$ 28	$ —	$ 28
Investment Funds — Mutual and commingled funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$ 65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB plan assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 (dollars in millions):

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stocks	$ 3	$ 3	$ (2)	$ (4)	$ —	$ —
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds — Mutual and commingled funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$ 2,933	$ 158	$ (13)	$ (3,328)	$ 252	$ 2

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stocks	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds — Mutual and commingled funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$ 3,178	$ 300	$ (125)	$ (249)	$ (171)	$ 2,933

Significant Concentrations of Risk

The pension plans' Investment Trusts include investments in certain investment funds, equity, debt and real estate investments and derivative instruments. Some or all of these investments may be illiquid. The investment managers may be unable to quickly liquidate some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held in the Investment Trusts are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain assets held by the Investment Trusts represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans' Investment Trusts may contain financial instruments denominated in foreign currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the Investment Trusts' foreign currency denominated assets or liabilities. The Investment Trusts use forward currency contracts to manage foreign currency risk.

The pension plans' Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. The plans' Investment Trusts may use interest rate swaps and other financial derivative instruments to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Investment Trusts will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2010, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$ 4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$ 4,872	$ 4,318	$ 586	$ 1,067

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act (PPA) of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016. Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 3-Segment interest rate for all future funding valuations projects contributions of $0.3 billion in 2016. In both cases, we have assumed that the pension plans earn the expected return of 8.0%. In addition to the discount rate and return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are evaluating whether we will make additional voluntary contributions in 2011.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement among Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2010 $1.0 billion remained in the escrow account.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

OPEB Contributions

The following table summarizes contributions (withdrawals) to the U.S. OPEB plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008 (a)
Employer contributions (withdrawals)	$ 651	$ 1,528	$ 1,947	$ (1,356)
Plan participants' contributions.	53	172	169	401
Total contributions (withdrawals)	$ 704	$ 1,700	$ 2,116	$ (955)

(a) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008 resulting in withdrawals from plan assets.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans (b)	Non-U.S. Plans
2011	$ 8,765	$ 1,460	$ 451	$ 189
2012	$ 8,463	$ 1,461	$ 427	$ 199
2013	$ 8,186	$ 1,480	$ 407	$ 209
2014	$ 7,999	$ 1,513	$ 391	$ 220
2015	$ 7,855	$ 1,534	$ 379	$ 231
2016-2020	$36,033	$ 7,889	$ 1,796	$ 1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 21. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

We are party to a variety of foreign currency exchange rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates and certain commodity prices.

Our derivative instruments consist of derivative contracts or economic hedges, including forward contracts and options that we acquired from Old GM or purchased directly from counterparties. At December 31, 2010 and 2009 no outstanding derivative contracts were designated in hedging relationships other than those derivative contracts designated in a hedging relationship by GM Financial.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 24 for additional information on the fair value measurements of our derivative instruments. Refer to Note 4 for additional information on our derivatives accounting policy.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Since August 2010 we executed new agreements with counterparties that will require, under certain circumstances, that the counterparty post collateral with us for net asset positions. At December 31, 2010 we held collateral of $74 million from counterparties and recorded the related obligation in Accrued liabilities. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $143 million at December 31, 2010. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. At December 31, 2010 the total net derivative asset position for all counterparties with which we were in a net asset position, less the collateral we held, was $108 million.

At December 31, 2010 a majority of all derivative counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2010 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following table summarizes the fair value of our derivative instruments (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)
Derivative Instruments				
Current Portion				
Foreign currency exchange	$ 80	$ 113	$ 104	$ 568
Commodity	93	2	11	—
Total current portion	$ 173	$ 115	$ 115	$ 568
Non-Current Portion				
Foreign currency exchange	$ —	$ —	$ 19	$ 146
Commodity	—	7	—	—
Warrants	44	—	25	—
Total non-current portion	$ 44	$ 7	$ 44	$ 146

(a) Current portion recorded in Other current assets and deferred income taxes

(b) Non-current portion recorded in Other assets.

(c) Current portion recorded in Accrued liabilities.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency Exchange Derivatives		
Interest income and other non-operating income, net	$ 82	$ 279
Interest Rate Swap Derivatives		
Automotive interest expense	—	(1)
Commodity Derivatives		
Interest income and other non-operating income, net	(33)	—
Warrants		
Interest income and other non-operating income, net	19	—
Total gains (losses) recorded in earnings	$ 68	$ 278

Commodity Notionals

The following table summarizes the notional amounts of our commodity derivative contracts (units in thousands):

		Successor	
Commodity	Units	December 31, 2010	December 31, 2009
Aluminum and aluminum alloy	Metric tons	448	39
Copper	Metric tons	44	4
Lead	Metric tons	69	7
Heating oil	Gallons	125,160	10,797
Natural gas	MMBTU	—	1,355
Natural gas	Gigajoules	—	150
Palladium	Troy ounce	444	—
Platinum	Troy ounce	91	—
Electricity (embedded derivative)	MWh	1,304	—

Foreign Currency Exchange Notionals

The following table summarizes the total notional amounts of our foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Foreign currency exchange derivatives	$ 5,910	$ 6,333
Embedded foreign currency exchange derivatives	$ 1,421	$ —

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was insignificant as of December 31, 2010.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we account for using the equity method, we record our share of New Delphi's Other comprehensive income (loss) in Accumulated other comprehensive income (loss). In the years ended December 31, 2010 and 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses.

Automotive Financing

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the three months ended December 31, 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor December 31, 2010	
	Notional	Fair Value
Assets (a)		
Interest rate swaps	$1,227	$ 23
Interest rate caps	946	8
Total assets	$2,173	$ 31
Liabilities (b)		
Interest rate swaps	$1,227	$ 47
Interest rate caps	832	8
Foreign currency exchange (c)	49	2
Total liabilities	$2,108	$ 57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

(c) Notional has been translated from Canadian dollars to U.S. dollars at the December 31, 2010 rate.

Credit Risk Related Contingent Features

Under the terms of our derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. As of December 31, 2010, these restricted cash accounts totaled $33 million and are included in GM Financial Restricted cash.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$ 91

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Foreign Currency Exchange Derivatives	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap Derivatives	
Automotive interest expense	(38)
Commodity Derivatives	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Total gains (losses) recorded in earnings	$ (1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to that date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Automotive sales and Automotive cost of sales in the amounts of $127 million and $30 million.

The following table summarizes financial statement classification and amounts reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor	
	Gain (Loss) Reclassified January 1, 2009 Through July, 9, 2009	Gain (Loss) Reclassified Year Ended December 31, 2008
Automotive sales	$ (351)	$ 198
Automotive cost of sales	19	205
Reorganization gains, net	247	—
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ (85)	$ 403

Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the year ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	Gain (Loss) Reclassified January 1, 2009 Through July 9, 2009
Automotive sales	$ (182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning net unrealized gain (loss) on derivatives	$ (490)	$ 321
Change in fair value	—	(1,054)
Reclassification to earnings	99	243
Ending net unrealized gain (loss) on derivatives	$ (391)	$ (490)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Fair Value Hedges

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with its borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Automotive interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Automotive interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized an insignificant amount of previously deferred fair value hedge gains and losses to Automotive interest expense. Old GM recorded no hedging ineffectiveness in the year ended December 31, 2008.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Automotive interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Automotive interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

Old GM was subject to foreign currency exposure related to net investments in certain foreign operations and used foreign currency denominated debt to hedge this exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the gains related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Effective portion of net investment hedges	$ 5	$ 106

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 22. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating lease residual values	$ 7	$ 59	$ —	$ 79
Ally Financial commercial loans (c)	$ —	$ 17	$ 2	$ 167
Supplier commitments and other obligations	$ —	$ 63	$ 3	$ 218
Other product-related claims	$ 50	$ 442	$ 54	$ 553

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to Ally Financial in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from Ally Financial to which we have title and which were recorded in Restricted cash and marketable securities. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we had recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities. In the year ended December 31, 2010 this guarantee was terminated.

	Successor	
	December 31, 2010 Liability Recorded	December 31, 2009 Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 167	$ 140
Deferred revenue(c)	$ 408	$ 464
Environmental liability (d)	$ 195	$ 190
Product liability	$ 365	$ 319
Liability related to contingently issuable shares	$ —	$ 162
Other litigation-related liability and tax administrative matters (e)	$ 1,471	$ 1,192

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) At December 31, 2010 and 2009 qualified cardholders had rebates available, net of deferred program revenue, of $2.8 billion and $3.1 billion.

(b) Redemption liabilities are recorded in Accrued liabilities.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2010 and 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $45 million and $28 million recorded in Accrued liabilities at December 31, 2010 and 2009, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of tax related litigation not recorded pursuant to ASC 740 as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2011 to 2015, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We also provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in years ranging from 2012 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 32 for additional information on guarantees that we provide to Ally Financial.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We have provided guarantees with respect to benefits to be paid to former employees of divested businesses relating to pensions, postretirement healthcare and life insurance. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements mentioned previously, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. Due to the nature of these agreements, the maximum potential amount of future undiscounted payments to which we may be exposed cannot be estimated. No amounts have been recorded for such indemnities as our obligations under them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees expire in 2020.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from 5 to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition and results of operations. At December 31, 2010 we estimate the remediation losses could range from $150 million to $370 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, it is believed that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and exclude Old GM's asbestos claims, which are discussed separately.

In accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations where we are not a party arising from incidents prior to July 10, 2009 is limited. We monitor actual claims experience for consistency with this estimate and make periodic adjustments as appropriate. Since July 10, 2009, the volume of product liability claims against us has been less than projected. In addition, as of this time due to the relatively short period for which we have been directly responsible for such claims, we have fewer pending matters than Old GM had in the past and than we expect in the future. Based on both management judgments concerning the projected number and value of both dealer indemnification obligations and product liability claims against us, we have estimated the associated liability. We have lowered our overall product liability estimate for dealer indemnifications and our exposure in the year ended December 31, 2010 resulting in a $132 million favorable adjustment driven primarily by a lower than expected volume of claims. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Liability Related to Contingently Issuable Shares

We are obligated to issue Adjustment Shares of our common stock to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion, and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares which is recorded in Interest income and other non-operating income, net. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us or MLC including a number of shareholder class actions, bondholder class actions and class actions under ERISA and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740 as well as various non-U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740 (indirect tax-related matters) are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $560 million to $760 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2010. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Similar cases have been brought against other large employers in the Republic of Korea. At December 31, 2010 GM Daewoo accrued 122 billion Korean Won (equivalent to $110 million) in connection with these cases (70% of which was recorded in Net income attributable to stockholders, based on our ownership interest in GM Daewoo). The current estimate of the value of plaintiffs' claim, if allowed in full, exceeds the accrual by 395 billion Korean Won (equivalent to $344 million). GM Daewoo believes the claims in excess of the accrual are without merit but, given the inherent uncertainties of the litigation process and further

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

uncertainties arising because this litigation is at its earliest stages, this amount represents the high end of the range of reasonably possible liability exposure. Both the scope of claims asserted and GM Daewoo's assessment of any or all of individual claim elements may change. This accrual is included in the reserves for non-U.S. labor-related matters.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended December 31, 2008. Also in the year ended December 31, 2008, Old GM recorded $215 million as a reduction to Automotive selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan, agreed to with European labor representatives, we have committed to achieve specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $193 million at December 31, 2010 was pledged as collateral under the agreement. Management has the intent and believes it has the ability to meet the requirements under the agreement.

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances, net of accumulated depreciation, of $36 million and $53 million at December 31, 2010 and 2009 are recorded in Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 102	$ 97	$ 237
Accretion expense	6	4	12
Liabilities incurred	6	21	5
Liabilities settled or disposed	(12)	(9)	(2)
Effect of foreign currency translation	2	3	5
Revisions to estimates	(1)	(14)	1
Reclassified to liabilities subject to compromise (a)	—	—	(121)
Ending balance	103	102	137
Effect of application of fresh-start reporting	—	—	(40)
Ending balance including effect of application of fresh-start reporting	$ 103	$ 102	$ 97

(a) Represents the asset retirement obligations associated with assets MLC retained.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2011	2012	2013	2014	2015	2016 and after
Minimum commitments (a)	$520	$406	$318	$266	$232	$ 851
Sublease income	(60)	(60)	(55)	(51)	(46)	(359)
Net minimum commitments	$460	$346	$263	$215	$186	$ 492

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Rental expense under operating leases	$ 604	$ 255	$ 369	$ 934

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the subsequent 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate. Old GM recorded asbestos-related expenses of $18 million and $51 million in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after January 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before January 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;
- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;
- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi Hourly Rate Plan (Delphi HRP) to Old GM's U.S. hourly pension plan in September 2008;
- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;
- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;
- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;
- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;
- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;
- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;
- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and
- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 20, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree healthcare and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the period January 1, 2009 to July 9, 2009 and the year ended December 31, 2008 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Other automotive expenses, net	$ 8	$ 184	$ 4,797
Automotive cost of sales	193	142	555
Reorganization gains, net	—	662	—
Total Delphi charges	$ 201	$ 988	$ 5,352

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four

Table of Contents

domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended December 31, 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 22 for additional information on the Delphi benefit plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 23. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. income (loss)	$ 2,648	$ (6,647)	$105,420	$ (26,742)
Non-U.S. income (loss)	3,089	1,364	2,356	(2,729)
Income (loss) before income taxes and equity income	$ 5,737	$ (5,283)	$107,776	$ (29,471)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Current income tax expense (benefit)				
U.S. federal	$ (10)	$ 7	$ (60)	$ (31)
Non-U.S.	441	421	(522)	668
U.S. state and local	(1)	(1)	16	(34)
Total current	430	427	(566)	603
Deferred income tax expense (benefit)				
U.S. federal	(25)	(1,204)	110	(163)
Non-U.S.	259	(52)	(716)	1,175
U.S. state and local	8	(171)	6	151
Total deferred	242	(1,427)	(600)	1,163
Total income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash paid (received) for income taxes	$ 357	$ (65)	$ (1,011)	$ 718

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested of $6.9 billion and $5.5 billion at December 31, 2010 and 2009. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Tax at U.S. federal statutory income tax rate	$ 2,008	$ (1,849)	$ 37,721	$ (10,315)
State and local tax expense	334	(559)	(260)	(1,151)
Foreign income taxed at other than 35%	1,579	64	(119)	1,229
Taxes on unremitted earnings of subsidiaries	(10)	(151)	(12)	(235)
Change in valuation allowance	(2,903)	1,338	6,609	13,064
Change in statutory tax rates	—	163	1	151
Research and development incentives	(235)	(14)	(113)	(367)
Medicare prescription drug benefit	—	—	18	(104)
Settlements of prior year tax matters	(170)	—	—	—
VEBA contribution	—	(328)	—	—
Non-taxable reorganization gain	—	—	(45,564)	—
Foreign currency remeasurement	143	340	207	(608)
Other adjustments	(74)	(4)	346	102
Total income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2010 and 2009 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,884	$ 5,231
Pension and other employee benefit plans	7,127	8,951
Warranties, dealer and customer allowances, claims and discounts	4,276	4,255
Property, plants and equipment	2,275	3,333
Capitalized research expenditures	5,033	4,693
Tax carryforwards	20,109	18,880
Miscellaneous U.S.	2,387	2,693
Miscellaneous non-U.S.	357	1,049
Total deferred tax assets before valuation allowances	45,448	49,085
Less: Valuation allowances	(42,979)	(45,281)
Net deferred tax assets	2,469	3,804
Deferred tax liabilities		
Intangible assets	2,609	3,642
Total deferred tax liabilities	2,609	3,642
Net deferred tax assets (liabilities)	$ (140)	$ 162

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current deferred tax assets	$ 782	$ 462
Current deferred tax liabilities	(23)	(57)
Non-current deferred tax assets	308	564
Non-current deferred tax liabilities	(1,207)	(807)
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2010 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2011-2030	$11,050
Non-U.S. loss and tax credit carryforwards	Indefinite	1,088
Non-U.S. loss and tax credit carryforwards	2011-2030	4,173
U.S. alternative minimum tax credit	Indefinite	699
U.S. general business credits (a)	2011-2030	1,956
U.S. foreign tax credits	2011-2018	1,143
Total loss and tax credit carryforwards		$20,109

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 45,281	$ 42,666	$ 59,777	$ 42,208
Additions (Reversals)				
U.S.	(2,196)	2,226	(14,474)	14,146
Canada	63	405	(802)	759
Germany	(139)	67	(792)	140
Spain	378	(40)	(200)	1,109
Brazil	1	1	(442)	(135)
South Korea	(121)	(221)	321	724
Australia	(39)	7	190	340
U.K.	(121)	109	62	330
Sweden	(58)	33	(1,057)	(58)
Other	(70)	28	83	214
Ending balance	$ 42,979	$ 45,281	$ 42,666	$ 59,777

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. After the deconsolidation of our Saab unit in February 2009, corresponding deferred taxes and valuation allowances in Sweden were no longer recorded in Old GM financial statements.

Old GM established or released the following significant valuation allowances for jurisdictions not on a full valuation allowance throughout the applicable period (dollars in millions):

	Predecessor	
Jurisdiction(s)	Valuation Allowance Charge/(Release)	Period Ended
Brazil	$ (465)	July 9, 2009
Various non-U.S.	$ (286)	July 9, 2009
South Korea	$ 725	December 31, 2008
Various non-U.S.	$ 329	December 31, 2008
Australia	$ 284	December 31, 2008
Texas	$ 152	December 31, 2008
Spain	$ 206	March 31, 2008
United Kingdom	$ 173	March 31, 2008

Over the past several years, we and Old GM have accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing these objective and verifiable negative evidence factors with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its net deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting U.S. GAAP and local taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its net deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we are a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due to objective and verifiable negative evidence including cumulative and current losses, we determined it was still more likely than not the net deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, Australia, South Korea, Germany, Spain and the United Kingdom.

At December 31, 2010 objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions. If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Gross unrecognized tax benefits before valuation allowances	$ 5,169	$ 5,410
Amount that would favorably affect effective tax rate in future	$ 785	$ 618
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$ 3,605	$ 4,007

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 5,410	$ 4,096	$ 2,803	$ 2,754
Additions to tax positions in the current year	195	1,454	1,493	208
Additions to tax positions in prior years	803	22	594	751
Reductions to tax positions in the current year	—	(44)	(25)	(47)
Reductions to tax positions in prior years	(475)	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	(18)	—	(281)	—
Settlements	(761)	(111)	(16)	(275)
Other	15	121	154	137
Ending balance	$ 5,169	$ 5,410	$ 4,096	$ 2,803

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 13	$ —	$ 249	$ 26
Interest expense (benefit)	$ 20	$ 30	$ (31)	$ 13
Penalties	$ 1	$ —	$ 30	$ 4

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor	
	December 31, 2010	December 31, 2009
Accrued interest receivable	$ —	$ 10
Accrued interest payable	$ 250	$ 275
Accrued penalties	$ 119	$ 137

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. On November 1, 2010, we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Although we received a ruling from the German tax authorities confirming the availability of these losses for carry over on January 26, 2011, a European Union Commission review concluded the German law on which the ruling was based is void and therefore reaffirmed these loss carryforwards are not available. We are evaluating options that would allow these loss carryforwards to reduce future taxable income. In Australia, we have net operating loss carryforwards which are subject to meeting a “Same Business Test” requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM’s open tax years. Old GM’s federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM’s federal 2007 and 2008 tax years. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), the objective of which is to reach early issue resolution and increase audit efficiency. Our July 10, 2009 through December 31, 2009 and 2010 tax years are also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 years was concluded and an assessment of 2.0 billion pesos (equivalent to $165 million) including tax, interest and penalties was issued. We do not agree with the assessment and intend to appeal. We believe we have adequate reserves established and collection of the assessment will be suspended during the appeal period and any subsequent proceedings through U.S. and Mexican competent authorities.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010, this resolution resulted in a tax benefit of $140 million including interest.

Based on an unfavorable Brazilian Supreme court decision rendered to a separate Brazilian taxpayer on a similar income tax matter, it is likely we will settle a contested income tax matter for $242 million in the next twelve months. This amount was fully reserved in a prior period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2010, aside from the Brazilian matter, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 24. Fair Value Measurements

Automotive

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 1,085	$ —	$ 1,085
Sovereign debt	—	523	—	523
Certificates of deposit	—	2,705	—	2,705
Money market funds	4,844	—	—	4,844
Commercial paper	—	3,807	—	3,807
Marketable securities				
Trading securities				
Equity	21	17	—	38
Debt	—	98	—	98
Available–for–sale securities				
United States government and agency	—	2,023	—	2,023
Sovereign debt	—	773	—	773
Certificates of deposit	—	954	—	954
Corporate debt	—	1,669	—	1,669
Restricted cash and marketable securities (a)				
United States government and agency	—	99	—	99
Money market funds	345	—	—	345
Sovereign debt	—	1,011	—	1,011
Corporate debt	—	19	—	19
Other assets				
Equity	5	—	—	5
Convertible debt	—	—	10	10
Derivatives				
Commodity	—	93	—	93
Foreign currency	—	80	—	80
Other	—	44	—	44
Total assets	$5,215	$15,000	$ 10	$ 20,225
Liabilities				
Other liabilities				
Options	$ —	$ —	$ 24	$ 24
Derivatives				
Foreign currency	—	113	—	113
Commodity	—	9	—	9
Total liabilities	$ —	$ 122	$ 24	$ 146

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Trading securities				
Equity	15	17	—	32
Debt	—	92	—	92
Available–for–sale securities				
United States government and agency	—	2	—	2
Certificates of deposit	—	8	—	8
Restricted cash and marketable securities (a)				
United States government and agency	—	140	—	140
Money market funds	13,083	—	—	13,083
Sovereign debt	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$20,598	$5,029	$ 33	$ 25,660
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$ 705	$ 714
Total liabilities	$ —	$ 9	$ 705	$ 714

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Transfers In and/or Out of Level 3

At December 31, 2010 our non-performance risk remains unobservable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. The effect of our non-performance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

In the period January 1, 2009 through July 9, 2009 Old GM's mortgage- and asset-backed securities were transferred out of Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For periods presented from June 1, 2009 through September 30, 2010 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred into Level 3 from Level 2 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

The following tables summarize the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2010	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	103	(3)	—	100
Included in other comprehensive income (loss)	—	—	(10)	—	—	(10)
Purchases, issuances and settlements	—	—	394	(21)	10	383
Transfer in and/or out of Level 3	—	—	185	—	—	185
Balance at December 31, 2010	$ —	$ —	$ —	$ (24)	$ 10	$ (14)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ —	$ (3)	$ —	$ (3)

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at July 10, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in other comprehensive income (loss)	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 214	$ —	$ —	$ 214

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Other Derivative Instruments	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$ (17)	$ (2,144)	$ (164)	$ 17	$ (2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in other comprehensive income (loss)	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$ —	$ 28

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount (a)	$ 4,630	$ 15,783
Fair value (a)	$ 4,840	$ 16,024

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Ally Financial Common and Preferred Stock

At December 31, 2010 we estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. This approach provides our best estimate of the fair value of our investment in Ally Financial common stock at December 31, 2010 due to Ally Financial's transition to a bank holding company and less readily available information with which to value Ally Financial's business operations individually. The significant inputs used in our fair value analysis were Ally Financial's December 31, 2010 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry.

At December 31, 2009 we estimated the fair value of our investment in Ally Financial common stock using a market approach based on the average price to tangible book value multiples of comparable companies to each of Ally Financial's Auto Finance, Commercial Finance, Mortgage, and Insurance operations to determine the fair value of the individual operations. These values were aggregated to estimate the fair value of Ally Financial's common stock. The significant inputs used to determine the appropriate multiple for Ally Financial and used in our analysis were as follows:

- Ally Financial's December 31, 2009 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Historical segment equity information separately provided by Ally Financial;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

At December 31, 2010 and 2009 we calculated the fair value of our investment in Ally Financial's preferred stock using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial's preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Common stock		
Carrying amount (a)	$ 964	$ 970
Fair value	$ 1,031	$ 970
Preferred stock		
Carrying amount	$ 665	$ 665
Fair value	$ 1,055	$ 989

(a) Investment in Ally Financial common stock at December 31, 2010 and 2009 includes the 9.9% and 16.6% held directly and indirectly through an independent trust.

Automotive Financing

Fair Value Measurements on a Recurring Basis

The following table summarizes the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
Money market funds	$ 167	$ —	$ —	$ 167
Restricted cash (a)				
Money market funds	952	—	—	952
Derivatives				
Interest rate swaps (b)	—	—	23	23
Interest rate caps (b)	—	8	—	8
Total assets	$1,119	$ 8	$ 23	$1,150
Liabilities				
Derivatives				
Interest rate swaps (b)	$ —	$ —	$ 47	$ 47
Interest rate caps (b)	—	8	—	8
Foreign currency contracts	—	2	—	2
Total liabilities	$	$ 10	$ 47	$ 57

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Cash deposits and cash held in Guaranteed Investment Contracts have been excluded.

(b) The fair value of interest rate cap and swap derivatives are based upon quoted market prices when available. If quoted prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk adjusted rate.

Transfers In and/or Out of Level 3

The following table summarizes the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor	
	Assets Interest Rate Swap Derivatives	(Liabilities) Interest Rate Swap Derivatives
Balance at October 1, 2010	$ 27	$ (61)
Transfers in and/or out of Level 3	—	—
Total realized/unrealized gains (losses)		
Included in earnings	1	(1)
Included in other comprehensive income (loss)	—	—
Settlements	(5)	15
Balance at December 31, 2010	$ 23	$ (47)

The following table summarizes estimated fair values, carrying amounts and various methods and assumptions used in valuing GM Financial's financial instruments (dollars in millions):

	December 31, 2010	
	Carrying Amount	Estimated Fair Value
Financial assets		
Finance receivables, net (a)	$ 8,197	$ 8,186
Financial liabilities		
Credit facilities(b)	$ 832	$ 832
Securitization notes payable (c)	$ 6,128	$ 6,107
Senior notes and convertible senior notes (c)	$ 72	$ 72

(a) The fair value of the finance receivables is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital. The forecast includes among other things items such as prepayment, defaults, recoveries and fee income assumptions.

(b) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value.

(c) The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 25. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

Refer to Note 26 for asset impairment charges related to our restructuring initiatives and Note 20 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

GM Financial did not execute any new restructuring initiatives in the three months ended December 31, 2010. Charges and payments for restructuring activities in the three months ended December 31, 2010 related to previously announced programs are not significant.

The following table summarizes Automotive restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	$1,135	$ 664	$ 3	$ —	$ 1,802

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2008	$ 868	$ 580	$ —	$ 4	$ 1,452
Additions	2,165	242	96	34	2,537
Interest accretion and other	41	62	—	—	103
Payments	(745)	(368)	(33)	(20)	(1,166)
Revisions to estimates	320	(18)	—	(3)	299
Effect of foreign currency	(193)	(30)	(18)	(2)	(243)
Balance at December 31, 2008	2,456	468	45	13	2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that decreased the restructuring reserves by $275 million in the year ended December 31, 2010. The decreases were primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates of $840 million in the year ended December 31, 2010 for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affects 2,600 employees.
- Separation charges of $72 million and revisions to estimates to decrease the reserve by $9 million related to separation/layoff plans and an early retirement plan in Spain which affects 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program and previously announced programs in Germany.

We have committed to a restructuring plan for GME, and as of December 31, 2010 we expect to expend up to $1.4 billion. Of this amount $0.8 billion was recorded in 2010 as charges for the separation programs described above. We expect to incur an additional $0.6 billion primarily in 2011 and 2012 to complete these programs. Because these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA recorded charges, interest accretion and other, and revisions to estimates of $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.
- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $77 million in the period July 10, 2009 through December 31, 2009, primarily related to separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. At December 31, 2010 there were 5,200 dealers in GMNA compared to 6,500 at December 31, 2009. Certain dealers in the U.S. that had signed wind-down agreements with us elected to file for reinstatement through a binding arbitration process. At December 31, 2010 the arbitration process had been resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 and in the year ended December 31, 2010 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	460	41	501
Revisions to estimates	(2)	9	7
Payments	(323)	(43)	(366)
Effect of foreign currency	—	2	2
Balance at December 31, 2010	$ 135	$ 9	$ 144

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships in accordance with the deferred termination agreements that Saturn dealers signed.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Programs.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $27 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $47 million in the period January 1, 2009 through July 9, 2009 related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMIO recorded charges, interest accretion and other, and revisions to estimates of $96 million in the year ended December 31, 2008 primarily related to separation charges of $76 million related to a facility idling in Australia.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $31 million in the year ended December 31, 2008 related to separation charges in South America.

Dealer Wind-downs

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$ 118	$516

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 26. Impairments

Automotive

The following table summarizes impairment charges (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
GMNA				
Goodwill	$ —	$ —	$ —	$ 154
Intangibles assets	—	21	—	—
Product-specific tooling assets	234	1	278	291
Cancelled powertrain programs	—	—	42	120
Equity and cost method investments	—	4	28	119
Vehicles leased to rental car companies	—	—	11	160
Automotive retail leases (a)	—	—	—	220
Other than temporary impairment charges on debt and equity securities (b)	—	—	—	47
Total GMNA impairment charges	234	26	359	1,111
GME				
Goodwill	—	—	—	456
Product-specific tooling assets	—	—	237	497
Vehicles leased to rental car companies	49	18	36	222
Total GME impairment charges	49	18	273	1,175
GMIO				
Product-specific tooling assets	6	1	7	66
Asset impairment charges related to restructuring initiatives	—	—	—	28
Total GMIO impairment charges	6	1	7	94
GMSA				
Product specific tooling assets	—	—	—	6
Asset impairment charges related to restructuring initiatives	—	—	—	2
Other long-lived assets	—	—	2	—
Total GMSA impairment charges	—	—	2	8
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	—	11	15
Automotive retail leases	—	—	16	157
Ally Financial Common Membership Interests	—	—	—	7,099
Ally Financial common stock	—	270	—	—
Ally Financial Preferred Membership Interests	—	—	—	1,001
Total Corporate impairment charges	—	270	27	8,272
Total impairment charges	$ 289	$ 315	$ 668	$ 10,660

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 8 and Note 24 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value measurements, excluding vehicles leased to rental car companies and automotive retail leases, utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved. Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from vehicle sales at auction. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

GM

	Successor				
		Fair Value Measurements Using			
	Year Ended December 31, 2010 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2010 Total Losses
Product-specific tooling assets	$ —	$ —	$ —	$ —	$ (240)
Vehicles leased to rental car companies	$ 537-668	$ —	$ —	$ 537-668	(49)
					$ (289)

(a) Amounts represent the fair value measure (or range of measures) during the period.

	Successor				
		Fair Value Measurements Using			
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets	$ —	$ —	$ —	$ —	$ (2)
Equity and cost method investments (other than Ally Financial)	$ 1	$ —	$ —	$ 1	(4)
Vehicles leased to rental car companies (b)	$543 - 567	$ —	$ —	$543 - 567	(18)
Ally Financial common stock	$ 970	$ —	$ —	$ 970	(270)
Intangible assets	$ —	$ —	$ —	$ —	(21)
					$ (315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the three months ended December 31, 2009 we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

	Predecessor				
		Fair Value Measurements Using			
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets (b)	$ 0-85	$ —	$ —	$ 0-85	$ (522)
Cancelled powertrain programs	$ —	$ —	$ —	$ —	(42)
Other long-lived assets	$ —	$ —	$ —	$ —	(2)
Equity and cost method investments (other than Ally Financial)	$ —	$ —	$ —	$ —	(28)
Vehicles leased to rental car companies (c)	$539-2,057	$ —	$ —	$539-2,057	(47)
Automotive retail leases	$ 1,519	$ —	$ —	$ 1,519	(16)
					$ (657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the three months ended March 31, 2009 Old GM recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the three months ended June 30, 2009 Old GM recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the three months ended March 31, 2009 Old GM recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the three months ended June 30, 2009 Old GM recorded impairment charges of $17 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 Old GM recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

Contract Cancellations

The following table summarizes net contract cancellation charges recorded in Automotive cost of sales primarily related to the cancellation of product programs (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$ 30	$ 80	$ 157
GME	3	—	12
GMIO	—	2	8
Total contract cancellations	$ 33	$ 82	$ 177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 27. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Operating and other expenses (income)	$ (7)	$ (35)	$ 22	$ 409
Expenses related to Saab deconsolidation, net (Note 5)	—	(60)	824	—
Saab impairment charges	—	—	88	—
Delphi related charges (Note 22)	—	8	184	4,797
Depreciation and amortization expense	125	89	101	749
Goodwill impairment charges (Note 26)	—	—	—	610
Interest expense	—	13	16	134
Total other automotive expenses, net	$ 118	$ 15	$ 1,235	$ 6,699

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 28. Interest Income and Other Non-Operating, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 465	$ 184	$ 183	$ 655
Net gains on derivatives	68	278	—	—
Rental income	164	88	100	209
Dividends and royalties	213	105	145	171
Other (a)	645	(215)	424	(611)
Total interest income and other non-operating income, net	$ 1,555	$ 440	$ 852	$ 424

(a) Amounts for the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts for the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million. Amounts for the year ended December 31, 2008 include impairment charges related to Ally Financial Preferred Membership Interests of $1.0 billion.

Note 29. Stockholders' Equity (Deficit) and Noncontrolling Interests

Consolidated

Preferred Stock

We have 2.0 billion shares of preferred stock authorized, with a par value of $0.01 per share.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Series A Preferred Stock

At December 31, 2010 we had 276 million shares of Series A Preferred Stock issued and outstanding. The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount of $25.00 per share and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. Holders of the Series A Preferred Stock are entitled to receive dividends at the sole discretion of our Board of Directors at a rate of 9.0% per annum. Unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full, no dividends or distributions may be paid on common stock or Series B Preferred Stock and no shares of common stock or Series B Preferred Stock may be purchased or redeemed by us (subject to certain exceptions that are specified in the certificate of designations for the Series A Preferred Stock). Dividends, if declared, will be payable on March 15, June 15, September 15 and December 15 of each year. In the year ended December 31, 2010 we paid dividends on our Series A Preferred Stock of $810 million or $2.25 per share. In the year ended December 31, 2009 we paid dividends on our Series A Preferred Stock of $349 million or $0.97 per share. We may not redeem the Series A Preferred Stock prior to December 31, 2014. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends.

The Series A Preferred Stock was originally classified as temporary equity because the holders of Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion because the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

Series B Preferred Stock

At December 31, 2010 we had 100 million shares of Series B Preferred Stock issued and outstanding. The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock; and (4) junior to all of our existing and future debt obligations. Holders of our Series B Preferred Stock are entitled to dividends that accumulate at a rate of 4.75% per annum. Dividends, if declared based on the sole discretion of our Board of Directors, will be payable on March 1, June 1, September 1 and December 1. The Series B Preferred Stock is not redeemable and has a liquidation preference in the amount of $50.00 per share. The holders of the Series B Preferred Stock do not have voting rights, except with respect to certain fundamental changes in the terms of the Series B Preferred Stock, in the case of certain dividend arrearages and as required under Delaware law. Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 (mandatory conversion date) into a number of shares of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

our common stock. The number of shares of our common stock issuable upon conversion of each share of Series B Preferred Stock on the mandatory conversion date, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a price range of $33.00 to $39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock). If the applicable market value of our common stock upon mandatory conversion is above or below the price range of $33.00 to $39.60 per common share, the Series B Preferred Stock converts into a fixed number of shares of our common stock based on a fixed conversion ratio. The fixed conversion ratio will be 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60. The fixed conversion ratio will be 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stock holder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required. Under the two-class method for computing earnings per share, undistributed earnings will be allocated to the Series B Preferred Stock in each period in which the applicable market value of our common stock is above or below the price range of $33.00 to $39.60 per common share. The amount of the undistributed earnings to be allocated to the Series B Preferred Stock is based on the terms of the anti-dilution provisions and reflects the incremental value above the $50.00 per share liquidation value that the holder would receive if the market value of our common stock falls outside the price range of $33.00 to $39.60. When the applicable market value of our common stock falls within the price range of $33.00 to $39.60 per common share, no undistributed earnings will be allocated to the Series B Preferred Stock for earnings per share purposes because a holder of Series B Preferred Stock is entitled only to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock) upon mandatory conversion and therefore does not participate in earnings. For purposes of computing diluted earnings per share, the if-converted method will be used to the extent that the result is more dilutive than the application of the two-class method.

Common Stock

We have 5.0 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2010 and 2009 we had 1.5 billion shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 136 million shares of common stock, to MLC and one warrant to acquire 46 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for Korean Won 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow account were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor
	July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$ (4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$ (4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
Foreign currency translation gain (loss)	$ 394	$ 157	$ (2,122)
Cash flow hedging losses, net	(23)	(1)	(490)
Net unrealized gain (loss) on securities	(5)	2	(33)
Defined benefit plans, net	885	1,430	(29,694)
Accumulated other comprehensive income (loss)	$ 1,251	$ 1,588	$ (32,339)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2010			July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 210	$ —	$ 210	$ 135	$ 11	$ 124
Cash flow hedging losses, net	(22)	—	(22)	(1)	—	(1)
Unrealized gain (loss) on securities	(7)	—	(7)	7	5	2
Defined benefit plans						
Prior service benefit (cost) from plan amendments	7	1	6	112	130	(18)
Less: amortization of prior service cost included in net periodic benefit cost	(12)	—	(12)	—	—	—
Net prior service cost	(5)	1	(6)	112	130	(18)
Actuarial gain (loss) from plan measurements	(530)	34	(564)	2,702	1,247	1,455
Less: amortization of actuarial gain (loss) included in net periodic benefit cost	25	—	25	(6)	1	(7)
Net actuarial amounts	(505)	34	(539)	2,696	1,248	1,448
Defined benefit plans, net	(510)	35	(545)	2,808	1,378	1,430
Other comprehensive income (loss)	(329)	35	(364)	2,949	1,394	1,555
Less: other comprehensive loss attributable to noncontrolling interests	(13)	—	(13)	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$ (316)	$ 35	$ (351)	$ 2,982	$ 1,394	$ 1,588

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009			Year Ended December 31, 2008		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)
Cash flow hedging gains (losses), net	145	(131)	276	(1,284)	(53)	(1,231)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)
Defined benefit plans						
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450
Less: amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)
Actuarial loss from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)
Less: amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)
Net transition assets from plan initiations	6	1	5	—	—	—
Less: amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8
Net transition amounts	1	—	1	11	3	8
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)
Less: other comprehensive income (loss) attributable to noncontrolling interests	92	—	92	(581)	—	(581)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)

Note 30. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share was computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share was computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (b)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Basic				
Net income (loss) attributable to common stockholders — basic	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Addition of preferred dividends to holders of Series B Preferred Stock	25	—	—	—
Net income (loss) attributable to common stockholders-diluted	$ 4,693	$ (4,428)	$109,118	$ (30,943)
Basic and Diluted shares				
Weighted-average common shares outstanding-basic	1,500	1,238	611	579
Dilutive effect of warrants	106	—	—	—
Dilutive effect of conversion of Series B Preferred Stock	17	—	—	—
Dilutive effect of RSUs	1	—	—	—
Weighted-average common shares outstanding-diluted	1,624	1,238	611	579
Basic earnings per share	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings per share	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)

(a) The year ended December 31, 2010 includes earned but undeclared dividends of $26 million on our Series A Preferred Stock and $25 million on our Series B Preferred Stock, which decreases Net income attributable to common stockholders.

(b) The period July 10, 2009 through December 31, 2009 includes accumulated but undeclared dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement.

GM

In the year ended December 31, 2010 we considered potentially dilutive securities in our diluted earnings per share computation under the treasury stock method. In periods prior to our public offering, we utilized an average stock price based upon estimates of the fair value of our common stock. Subsequent to our public offering, we used the New York Stock Exchange price.

In the year ended December 31, 2010 because the market value of our common stock was within the price range of $33.00 to $39.60 per common share no undistributed earnings were allocated to our Series B Preferred Stock under the two-class method for purposes of calculating basic earnings per share. The dilutive effect of these securities was determined by assuming conversion of the securities at issuance resulting in an increase to the weighted-average common shares outstanding and an increase to Net income attributable to common stockholders for accumulated dividends on our Series B Preferred Stock.

In the year ended December 31, 2010 warrants to purchase 318 million shares were outstanding, of which 46 million were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining 272 million warrants resulted in 106 million dilutive shares for the year ended December 31, 2010.

In the year ended December 31, 2010 diluted earnings per share included the assumed issuance of unvested restricted stock units (RSUs) granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. At December 31, 2010 there were 11 million unvested RSUs outstanding.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the period July 10, 2009 through December 31, 2009, outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and RSUs were excluded from the computation of diluted earnings per share as these awards were payable in cash during that time. At December 31, 2009 there were 1 million RSUs outstanding.

In the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 the Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

The 61 million shares of common stock contributed to our pension plan in January 2011 will not be included in the computation of earnings per share until they meet the criteria to qualify as plan assets for accounting purposes.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million of stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares.

Due to Old GM's net losses in the year ended December 31, 2008, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. Old GM excluded 101 million such options and warrants in the computation of diluted loss per share.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 as the conversion options in various series of convertible debentures were not in-the-money.

Note 31. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these plans shall not exceed 75 million.

The following table summarizes compensation expense and total Income tax expense recorded for our stock incentive plans (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Compensation expense (a)	$ 235	$ 23
Income tax expense (b)	$ —	$ 8

(a) Includes an insignificant amount of restricted stock granted in December 2010.

(b) Income tax expense does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-Term Incentive Plan

In 2010 we granted RSUs to certain global executives under the 2009 GMLTIP. We granted 15 million RSUs valued at the grant date fair value of our common stock in the year ended December 31, 2010 and no RSUs under this plan in the period June 10, 2009 through December 31, 2009. Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards are recorded on a straight-line basis over the vesting period. Our policy is to issue new shares upon settlement of RSUs.

The awards for the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

Salary Stock

In November 2009 we initiated a salary stock program for certain global executives under the GMSSP whereby, a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In 2010 a portion of each participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. Our policy is to issue new shares upon settlement of these awards.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Under the terms of the plan, each installment is now redeemable one year earlier from the original settlement date as we have repaid the financial assistance we received from the UST under the TARP program in 2010. Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes our RSU activity under the 2009 GMLTIP and GMSSP in the period July 10, 2009 through December 31, 2010 (RSUs in millions):

	Successor		
	RSUs		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at July 10, 2009	—	$ —	
Granted	1.1	$ 16.39	
Settled	—	$ —	
Forfeited or expired	—	$ —	
RSUs outstanding at December 31, 2009	1.1	$ 16.39	
Granted	17.2	$ 19.17	
Settled	(0.3)	$ 16.39	
Forfeited or expired	(0.8)	$ 18.80	
RSUs outstanding at December 31, 2010	17.2	$ 19.03	1.8
RSUs unvested and expected to vest at December 31, 2010	11.9	$ 18.82	2.2
RSUs vested and payable at December 31, 2010	4.7	$ 19.58	—

At December 31, 2010 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $313 million. This expense is expected to be recorded over a weighted-average period of 2.2 years.

In the year ended December 31, 2010 total payments for 291,753 RSUs settled under the GMSSP was $5 million.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based restricted stock units. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Compensation expense (benefit)	$ (10)	$ (65)
Income tax expense (benefit) (a)	$ —	$ 3

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 32. Transactions with Ally Financial

Automotive

Old GM entered into various operating and financing arrangements with Ally Financial, a related party, and in connection with the 363 Sale we assumed the terms and conditions of these arrangements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Operating lease residuals		
Residual support (a)		
Liabilities (receivables) recorded	$ (24)	$ 369
Maximum obligation	$ 523	$ 1,159
Risk sharing (a)		
Liabilities recorded	$ 269	$ 366
Maximum obligation	$ 692	$ 1,392
Note payable to Ally Financial	$ —	$ 35
Vehicle repurchase obligations		
Maximum obligations	$ 18,807	$ 14,249
Fair value of guarantee	$ 21	$ 46

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2010 and 2009 do not include residual support or risk sharing programs. In the year ended December 31, 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Marketing incentives and operating lease residual payments (a)	$ 1,111	$ 695	$ 601	$ 3,400
Exclusivity fee revenue	$ 99	$ 47	$ 52	$ 105
Royalty income	$ 15	$ 7	$ 8	$ 16

(a) Payments to Ally Financial related to U.S. marketing incentive and operating lease residual programs. Excludes payments to Ally Financial related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, Ally Financial is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. Ally Financial is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to Ally

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial's standard residual value. As it relates to Ally Financial's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to Ally Financial at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to Ally Financial is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent that remarketing proceeds are below Ally Financial's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay Ally Financial a quarterly fee through 2014.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, Ally Financial will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, Ally Financial will pay the increase in the sale proceeds received at auction.

Under a capitalized cost reduction program, Ally Financial is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, Ally Financial waives the customer's remaining payment obligation under their current lease, and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to Ally Financial each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from Ally Financial are subsequently settled.

In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement included conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs.

Exclusivity Arrangement

In November 2006 Old GM granted Ally Financial exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, Ally Financial paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and Ally Financial agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with Ally Financial provided that pricing with such third parties meets certain requirements; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

In December 2008 Old GM and FIM Holdings entered into the Ally Financial Exchange Agreement with Ally Financial. Pursuant to the Ally Financial Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the Ally Financial Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the Ally Financial Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between Ally Financial and Old GM limited certain unsecured obligations arising from service agreements to Ally Financial in the U.S. to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and Ally Financial agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. Ally Financial's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and Ally Financial also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion at December 31, 2010. Old GM and Ally Financial agreed that the sum of the maximum unsecured and committed secured exposures at December 31, 2010 will not exceed the greater of $3.0 billion or 15% of Ally Financial's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and Ally Financial agreed to expand Old GM's repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. The current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Automotive Retail Leases

In November 2006 Ally Financial transferred automotive retail leases to Old GM, along with related debt and other assets. Ally Financial retained an investment in a note, which is secured by the automotive retail leases. Ally Financial continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. Ally Financial is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, Ally Financial entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while Ally Financial retained the secondary, leaving both companies

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with Ally Financial that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with Ally Financial giving Ally Financial the right to use the GM name on certain products. In exchange, Ally Financial pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Assets		
Accounts and notes receivable, net (a)	$ 290	$ 404
Restricted cash and marketable securities (b)	$ —	$ 127
Other assets (c)	$ 26	$ 27
Liabilities		
Accounts payable (d)	$ 168	$ 131
Short-term debt and current portion of long-term debt (e)	$ 1,043	$ 1,077
Accrued liabilities and other liabilities (f)	$ 1,167	$ 817
Long-term debt (g)	$ 43	$ 59
Other non-current liabilities (h)	$ 84	$ 383

(a) Represents wholesale settlements due from Ally Financial, amounts owed by Ally Financial with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from Ally Financial that are pledged as collateral for certain guarantees provided to Ally Financial in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(d) Primarily represents amounts billed to us and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest. It includes borrowing arrangements with various foreign locations and arrangements related to Ally Financial's funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to Ally Financial or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor		Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue (reduction) (a)	$ (1,383)	$ (259)	$ 207	$ (2,350)
Automotive cost of sales and other automotive expenses (b)	$ 36	$ 113	$ 180	$ 688
Interest income and other non-operating income, net (c)	$ 228	$ 127	$ 166	$ 192
Automotive interest expense (d)	$ 243	$ 121	$ 100	$ 221
Servicing expense (e)	$ 2	$ 22	$ 16	$ 144
Derivative losses (f)	$ —	$ 1	$ 2	$ 4

(a) Primarily represents the increase (reduction) in Total net sales and revenue for marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by Ally Financial.

(c) Represents income on investments in Ally Financial preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by Ally Financial for certain services provided to Ally Financial. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to Ally Financial on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with Ally Financial as the counterparty.

Note 33. Transactions with MLC

Automotive

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provided MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2010 we are not obligated to provide any services under the TSA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 1, 2010 we completed the acquisition of the Strasbourg transmission business from MLC. The purchase price was one Euro. Refer to Note 5 for additional information on the acquisition of GMS.

Statement of Operations

The following table summarizes the income statements effect of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Automotive cost of sales (a)	$ (19)	$ (8)
Interest income and other non-operating income, net	$ —	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheets effect of transactions with MLC (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Accounts and notes receivable, net (a)	$ —	$ 16
Other assets	$ —	$ 1
Accounts payable (a)	$ 1	$ 59
Accrued liabilities	$ —	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Operating — Automotive (a)	$ (148)	$ (88)
Financing — Automotive (b)	$ 5	$ 25

(a) Primarily includes payments to MLC related to the purchase and the sale of component parts.

(b) Payments received from a facility in Strasbourg, France that MLC retained and we subsequently acquired in October 2010.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 34. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$ 31,476	$ 33,174	$ 34,060	$ 36,882
Automotive gross margin	$ 3,885	$ 4,415	$ 4,592	$ 3,627
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to common stockholders	$ 865	$ 1,334	$ 1,959	$ 510
Net income attributable to common stockholders, per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Net income attributable to common stockholders, per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

	Successor		Predecessor		
	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
2009					
Total net sales and revenue	$ 25,147	$ 32,327	$ 22,431	$ 23,047	$ 1,637
Automotive gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$ (13,237)	$128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$ (12,905)	$127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.38

GM

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.
- A reversal of our $231 million liability for contingently issuable Adjustment Shares based on a revised assessment of the estimate of allowed general unsecured claims against MLC.
- A gain of $198 million related to our repayment of the VEBA Notes of $2.8 billion.
- Restructuring reserve decrease of $183 million in GMNA primarily related to capacity actions and revisions to productivity initiatives.
- Restructuring charges and interest accretion and other of $154 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Income before income taxes and equity income and net income of $129 million and $90 million related to the October 1, 2010 acquisition of GM Financial including net income of $10 million related to amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Results for the three months ended September 30, 2010 included:

- Restructuring charges and interest accretion and other of $153 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Impairment charges of $140 million related to product-specific tooling assets in GMNA.

Results for the three months ended June 30, 2010 included:

- Restructuring charges and interest accretion and other of $235 million in GME primarily related to separation programs announced in Belgium, the United Kingdom and Germany.
- Charge of $200 million relating to a recall campaign on windshield fluid heaters.

Results for the three months ended March 31, 2010 included:

- Restructuring charges and interest accretion and other of $305 million in GME primarily related to separation programs announced in Belgium and Spain. These charges were partially offset by a favorable adjustment of $104 million related to GMNA restructuring reserves due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites.

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in Ally Financial common stock.
- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.
- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.
- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of Ally Financial Common Membership Interests partially offset by a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.
- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.
- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Note 35. Segment Reporting

Consolidated

We design, build and sell cars, trucks and parts worldwide. We also conduct our automotive finance operations through GM Financial. We manage our operations through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy (CAFE) regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes and evaluates GM Financial through Income (loss) before income taxes.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo, SGM, SGMW, FAW-GM and HKJV. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate and Corporate assets, liabilities and results of operations are a component of Total Automotive in our consolidated financial statements. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial (a)	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,030	$ —	$ —	$ 135,142	$ —	$ —	$135,142
Financing operations										
Revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	3,740	314	—	(8,783)	—	—	—	—
Other revenue	—	—	—	35	134	—	169	—	—	169
Total net sales and revenue	$83,035	$24,076	$21,470	$15,379	$ 134	$ (8,783)	$ 135,311	$ 281	$ —	$135,592
Income (loss) before interest and income taxes	$ 5,748	$ (1,764)	$ 2,262	$ 818	$ 389	$ (105)	$ 7,348	$ 166	$ —	$ 7,514
Corporate interest income					465			—	—	465
Interest expense					1,098			37	—	1,135
Income (loss) before income taxes					(244)			129	$ —	6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets	$76,285	$18,375	$19,655	$12,964	$ 35,141	$ (34,418)	$ 128,002	$ 10,940	$ (44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Gain on acquisition of GMS	—	(66)	—	—	—	—	(66)	—	—	(66)
Reversal of valuation allowances against deferred tax assets (b)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to product-specific tooling assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ (17)	$ 6	$ —	$ (225)	$ —	$ (2)	$ —	$ —	$ (2)

(a) The financial information presented for our GM Financial segment includes adjustments made to decrease Income tax expense and increase Net income (loss) attributable to stockholders by $10 million and increase Total assets by $22 million to record the effect of changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(b) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
At and For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$ 7,221	$ 7,314	$ —	$ —	$ 57,329
Intersegment	972	139	1,346	81	—	(2,538)	—
Other revenue	—	—	—	4	141	—	145
Total net sales and revenue	$32,426	$11,479	$ 8,567	$ 7,399	$ 141	$ (2,538)	$ 57,474
Income (loss) before interest and income taxes	$ (4,820)	$ (814)	$ 789	$ 417	$ (314)	$ (45)	$ (4,787)
Interest income					184		184
Interest expense					694		694
Income tax expense (benefit)					(1,000)		(1,000)
Net income (loss) attributable to stockholders					$ 176		$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 180	$ 5,798	$ 3	$ 27	$ —	$ 7,936
Total assets	$78,719	$18,824	$17,530	$11,295	$36,475	$ (26,548)	$136,295
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$ 110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ 162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(63)	—	(63)
Impairment charges related to investment in Ally Financial common stock	—	—	—	—	270	—	270
UAW OPEB healthcare settlement	2,571	—	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 369	$ —	$ 2,940

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,684	$ —	$ —	$ 46,787
Intersegment	701	133	1,024	51	—	(1,909)	—
Other revenue	—	—	—	1	327	—	328
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$ (1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income tax expense (benefit)					(1,166)		(1,166)
Net income attributable to stockholders					$ 123,902		$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

(b) Refer to Note 2 for additional information on Reorganization gains, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Year Ended December 31, 2008							
Sales							
External customers	$ 82,938	$32,440	$18,181	$14,173	$ —	$ —	$147,732
Intersegment	3,249	2,207	5,869	308	—	(11,633)	—
Other revenue	—	—	—	41	1,206	—	1,247
Total net sales and revenue	$ 86,187	$34,647	$24,050	$14,522	$ 1,206	$ (11,633)	$148,979
Income (loss) before interest and income taxes	$(12,203)	$ (2,625)	$ (555)	$ 1,076	$(13,041)	$ 41	$ (27,307)
Interest income					655		655
Interest expense					2,525		2,525
Income tax expense					1,766		1,766
Net income (loss) attributable to stockholders					$(16,677)		$ (30,943)
Expenditures for property	$ 4,242	$ 1,345	$ 1,063	$ 343	$ 537	$ —	$ 7,530
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 5,910	$ 2,353	$ 700	$ 243	$ 808	$ —	$ 10,014
Equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ (6,183)	$ —	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 31	$ 354	$ —	$ 2	$ —	$ 186
Significant noncash charges (gains)							
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ —	$ 7,099
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	—	1,001	—	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	—	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	—	62
Impairment charges related to goodwill	154	456	—	—	—	—	610
Impairment charges related to long-lived assets	411	497	94	8	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	—	340
Valuation allowances against deferred tax assets (a)	—	—	—	—	1,450	—	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 94	$ 8	$ 9,722	$ —	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Canada and Mexico	10,195	2,773	4,682	3,031	3,486	5,943	12,983	5,898
GM Financial								
U.S.	279	46	—	—	—	—	—	—
Canada	2	1	—	—	—	—	—	—
Europe								
France	1,820	63	923	17	1,024	67	2,629	264
Germany	5,004	1,852	2,851	2,299	3,817	3,670	6,663	4,013
Italy	2,509	176	1,119	192	1,221	169	3,169	183
Spain	1,398	665	862	778	609	1,206	1,711	1,230
United Kingdom	5,253	761	2,531	815	2,749	1,189	7,142	1,066
Other European Countries	6,905	764	3,046	839	3,024	1,821	11,195	2,402
Asia								
Korea	7,301	1,519	3,014	982	2,044	1,941	7,131	2,115
Thailand	561	341	166	151	103	383	560	395
Other Asian Countries	482	74	575	47	435	347	1,098	309
South America								
Argentina	1,215	183	436	195	363	131	1,147	120
Brazil	9,513	1,425	4,910	1,142	3,347	1,081	8,329	890
Venezuela	1,130	47	850	46	981	43	2,107	43
Other South American Countries	3,220	166	1,136	157	984	102	2,653	72
All Other Geographic Locations	6,069	643	2,366	481	1,776	1,158	5,080	1,144
Total consolidated	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Non-U.S.	62,577	11,453	29,467	11,172	25,963	19,251	73,597	20,144
Total U.S. and non-U.S.	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 36. Supplemental Information for Consolidated Statements of Cash Flows

Consolidated

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Accounts receivable	$ (641)	$ 660	$ (268)	$ 1,315
Prepaid expenses and other deferred charges	299	315	1,416	(287)
Inventories	(2,229)	(315)	3,509	77
Accounts payable	2,259	5,363	(8,846)	(4,556)
Income taxes payable	51	401	606	1,044
Accrued liabilities and other liabilities	(92)	(3,225)	(6,815)	1,607
Fleet rental — acquisitions	(3,625)	(1,198)	(961)	(4,157)
Fleet rental — liquidations	2,997	1,371	1,130	5,051
Total	$ (981)	$ 3,372	$ (10,229)	$ 94
Cash paid for interest — Automotive	$ 1,001	$ 618	$ 2,513	$ 2,484
Cash paid for interest — GM Financial	66			
Total cash paid for interest	$ 1,067			

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

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Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2010. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2010.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2010, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2010.

Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2010. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Remediation and Changes in Internal Controls

In our 2009 Annual Report on Form 10-K, we identified a material weakness because we did not maintain effective controls over the period-end financial reporting process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In 2009, significant activities were performed in remediating the material weakness. However, we were not able to sufficiently test the operating effectiveness of certain remediated internal controls given the limited time that controls were in operation. During 2010, management led various initiatives to further enhance our controls over period-end financial reporting, including training and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

enhanced procedures related to the preparation of the statement of cash flows, to help ensure controls over the period-end financial reporting process would operate as they had been designed and deployed during the 2009 material weakness remediation efforts. Based upon the actions taken and our testing and evaluation of the effectiveness of our internal controls, we have concluded the material weakness related to controls over the period-end financial reporting process no longer existed as of December 31, 2010.

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2010, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON	/s/ CHRISTOPHER P. LIDDELL
Daniel F. Akerson Chairman and Chief Executive Officer	Christopher P. Liddell Vice Chairman and Chief Financial Officer
March 1, 2011	March 1, 2011

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

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Item 9B. Other Information

None

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of ethics that applies to the Corporation's directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," has been posted on our website at http://investor.gm.com at Investors — Corporate Governance." We will provide a copy of the code of ethics without charge upon request to Corporate Secretary, General Motors Company, Mail Code 482-C25-A36, 300 Renaissance Center, P.O. Box 300, Detroit, MI 48265-3000.

* * * * * * *

Items 10, 11, 12, 13, and 14

Information required by Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2011 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the 2010 fiscal year, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except the information required by Item 10 with respect to our code of ethics in Item 10 above and disclosure of our executive officers, which is included in Item 1 of Part I of this report.

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Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART IV

ITEM 15. Exhibits and Financial Statement Schedule

(a) 1. All Financial Statements and Supplemental Information

2. Financial Statement Schedule II — Valuation and Qualifying Accounts

3. Exhibits

(b) Exhibits

Exhibit Number	Exhibit Name	
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	Bylaws of General Motors Company, dated December 7, 2010, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
4.2	Certificate of Designations of 4.75% Series B Mandatory Convertible Junior Preferred Stock of General Motors Company	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.3	Letter Agreement regarding the Second Amended and Restated Secured Credit Agreement among General Motors Holdings LLC, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated September 22, 2010, incorporated by reference to Exhibit 10.41 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 23, 2010	Incorporated by Reference
10.4†	Credit Agreement, dated as of October 27, 2010, among the General Motors Holdings LLC, the lenders party thereto, Citibank, N.A., as administrative agent, and Bank of America, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.3 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (fka General Motors Holding Company), General Motors LLC (fka General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009	Incorporated by Reference
10.11	Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.12	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.13	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.14	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated herein by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.15	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW, incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.16	Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.17	Summary of Employment Arrangement between General Motors Company and Daniel F. Akerson, incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.18	Employment Agreement for Christopher P. Liddell, incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of General Motors Company filed May 17, 2010	Incorporated by Reference
10.19	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010	Incorporated by Reference
10.20	Summary of Employment Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed March 5, 2010	Incorporated by Reference
10.21	Summary of Employment Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed February 19, 2010	Incorporated by Reference
10.22	Summary of Fee Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.23	General Motors Executive Retirement Plan, as amended August 2, 2010, incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.24	General Motors Company 2009 Long-Term Incentive Plan, as amended December 22, 2010	Filed Herewith
10.25	General Motors Company Salary Stock Plan, as amended October 5, 2010, incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.26	General Motors Company Short Term Incentive Plan, incorporated by reference to Exhibit 10.17 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.27	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.28	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.29	Form of Restricted Stock Unit Grant made to certain executive officers, incorporated herein by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.30	Form of General Motors Company 2010 Equity Grant Award Agreement	Filed Herewith
10.31	Form of General Motors Company March 15, 2010 Restricted Stock Unit Grant Agreement, as amended December 31, 2010	Filed Herewith
10.32	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.33†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.34†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.35	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.36	United States Consumer Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2006	Incorporated by Reference
10.37	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original ($10 after stock split) exercise price and a July 10, 2016 expiration date, incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.38	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original ($18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.39	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original ($42.31 after stock split) exercise price and a December 31, 2015 expiration date, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.40	Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 2, 2009	Incorporated by Reference
10.41	First Amendment to Amended and Restated Master Sale and Purchase Agreement, dated June 30, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.42	Second Amendment to Amended and Restated Master Sale and Purchase Agreement, dated July 5, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.43	Letter Agreement regarding Series A Purchase, dated October 27, 2010, between General Motors Company and the United States Department of the Treasury, incorporated herein by reference to Item 10.42 to Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 28, 2010	Incorporated by Reference
10.44	Registration Rights Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
10.45	Stockholders Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Year Ended December 31, 2010, the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007 and 2006	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2010	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
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	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
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	Filed Herewith
99.1	Consolidated Financial Statements of Ally Financial Inc. (fka GMAC Inc.) and subsidiaries at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010	Filed Herewith
99.2	Principal Executive Officer and Principal Financial Officer Executive Privileges and Compensation Certificate	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number	Exhibit Name	
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	Bylaws of General Motors Company, dated December 7, 2010, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
4.2	Certificate of Designations of 4.75% Series B Mandatory Convertible Junior Preferred Stock of General Motors Company	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.3	Letter Agreement regarding the Second Amended and Restated Secured Credit Agreement among General Motors Holdings LLC, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated September 22, 2010, incorporated by reference to Exhibit 10.41 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 23, 2010	Incorporated by Reference
10.4†	Credit Agreement, dated as of October 27, 2010, among the General Motors Holdings LLC, the lenders party thereto, Citibank, N.A., as administrative agent, and Bank of America, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.3 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (fka General Motors Holding Company), General Motors LLC (fka General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009	Incorporated by Reference
10.11	Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.12	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.13	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.14	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated herein by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.15	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW, incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.16	Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.17	Summary of Employment Arrangement between General Motors Company and Daniel F. Akerson, incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.18	Employment Agreement for Christopher P. Liddell, incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of General Motors Company filed May 17, 2010	Incorporated by Reference
10.19	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010	Incorporated by Reference
10.20	Summary of Employment Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed March 5, 2010	Incorporated by Reference
10.21	Summary of Employment Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed February 19, 2010	Incorporated by Reference
10.22	Summary of Fee Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.23	General Motors Executive Retirement Plan, as amended August 2, 2010, incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.24	General Motors Company 2009 Long-Term Incentive Plan, as amended December 22, 2010	Filed Herewith
10.25	General Motors Company Salary Stock Plan, as amended October 5, 2010, incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.26	General Motors Company Short Term Incentive Plan, incorporated by reference to Exhibit 10.17 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.27	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.28	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.29	Form of Restricted Stock Unit Grant made to certain executive officers, incorporated herein by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.30	Form of General Motors Company 2010 Equity Grant Award Agreement	Filed Herewith
10.31	Form of General Motors Company March 15, 2010 Restricted Stock Unit Grant Agreement, as amended December 31, 2010	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.32	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.33†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.34†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.35	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.36	United States Consumer Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2006	Incorporated by Reference
10.37	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original ($10 after stock split) exercise price and a July 10, 2016 expiration date, incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.38	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original ($18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.39	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original ($42.31 after stock split) exercise price and a December 31, 2015 expiration date, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.40	Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 2, 2009	Incorporated by Reference
10.41	First Amendment to Amended and Restated Master Sale and Purchase Agreement, dated June 30, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.42	Second Amendment to Amended and Restated Master Sale and Purchase Agreement, dated July 5, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.43	Letter Agreement regarding Series A Purchase, dated October 27, 2010, between General Motors Company and the United States Department of the Treasury, incorporated herein by reference to Item 10.42 to Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 28, 2010	Incorporated by Reference
10.44	Registration Rights Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
10.45	Stockholders Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Year Ended December 31, 2010, the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007 and 2006	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2010	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
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	Filed Herewith
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	Filed Herewith
99.1	Consolidated Financial Statements of Ally Financial Inc. (fka GMAC Inc.) and subsidiaries at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010	Filed Herewith
99.2	Principal Executive Officer and Principal Financial Officer Executive Privileges and Compensation Certificate	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

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Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

GENERAL MOTORS COMPANY
(Registrant)

Date: March 1, 2011

By: /s/ DANIEL F. AKERSON
Daniel F. Akerson
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 1st day of March 2011 by the following persons on behalf of the Registrant and in the capacities indicated, including a majority of the directors.

Signature	Title
/s/ DANIEL F. AKERSON (Daniel F. Akerson)	Chairman and Chief Executive Officer
/s/ CHRISTOPHER P. LIDDELL (Christopher P. Liddell)	Vice Chairman and Chief Financial Officer
/s/ NICK S. CYPRUS (Nick S. Cyprus)	Vice President, Controller and Chief Accounting Officer
/s/ DAVID BONDERMAN (David Bonderman)	Director
/s/ ERROLL B. DAVIS, JR. (Erroll B. Davis, Jr.)	Director
/s/ STEPHEN J. GIRSKY (Stephen J. Girsky)	Director
/s/ E. NEVILLE ISDELL (E. Neville Isdell)	Director
/s/ ROBERT D. KREBS (Robert D. Krebs)	Director
/s/ PHILIP A. LASKAWY (Philip A. Laskawy)	Director
/s/ KATHRYN V. MARINELLO (Kathryn V. Marinello)	Director
/s/ PATRICIA F. RUSSO (Patricia F. Russo)	Director
/s/ CAROL M. STEPHENSON (Carol M. Stephenson)	Director
/s/ DR. CYNTHIA A. TELLES (Dr. Cynthia A. Telles)	Director

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 250	93	—	91	—	$ 252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$ 250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 338	157	—	73	—	$ 422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43

Exhibit 13

This is
the New GM.
GM
VOLT
General Motors Company
2010 Annual Report

ABOUT THE COVER:

Featured on the cover is the Chevrolet Volt, the 2011 North American Car of the Year and *Motor Trend* Car of the Year.

We are Building
a New General Motors.

We have a new vision and business model to bring it to life, supported by a healthy balance sheet. We have a new team, focused on delivering results. We have the number-one market share in the world's highest-growth markets. We have the breakthrough new technology of the Volt as evidence of what we can do.

And we're just getting started.

Dear Fellow Stakeholders:

DANIEL F. AKERSON
Chairman & Chief Executive Officer

On November 18, 2010, the General Motors team, along with our United Auto Workers partners, experienced something special as we stood together on the balcony of the storied New York Stock Exchange. As we rang the opening bell to the unmistakable sound of a Chevy Camaro engine at full throttle, we knew we were doing much more than just starting a new trading day. We were revving up Wall Street, and setting the pace for our company—the new General Motors.

We truly are building a new GM, from the inside out. Our vision is clear: to design, build and sell the world's best vehicles, and we have a new business model to bring that vision to life. We have a lower cost structure, a stronger balance sheet and a dramatically lower risk profile. We have a new leadership team—a strong mix of executive talent from outside the industry and automotive veterans—and a passionate, rejuvenated workforce.

Entering the public equity market capped a year of historic change. And yet, at that moment on the NYSE balcony, for us and for our employees around the world, it was crystal clear—our work was just beginning.

A STRONG FOUNDATION

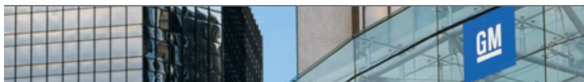
GM made important operational and financial progress in 2010, and set a strong foundation to build upon for the future.

GM, with its joint venture partners, maintained its leading market position in the key growth markets of Brazil, Russia, India and China (the BRIC countries) during the year, with a particularly strong performance in China, where GM and our partners delivered 2.4 million cars and trucks. Meanwhile, we continued the aggressive implementation of our restructuring plan in Europe to position our business to operate at a lower break-even level.

> "Our plan is to steadily invest in creating world-class vehicles, which will continuously drive our cycle of great design, high quality and higher profitability."

In the United States, GM saw robust sales across all of our brands—Cadillac, Chevrolet, Buick and GMC—thanks to an exciting lineup of vehicles that have captured the imagination of customers and critics alike, epitomized by the launch of the Chevrolet Volt—the groundbreaking extended-range electric vehicle. GM vehicles won numerous awards throughout the year, led by the Volt, which ran the table with the North American Car of the Year, *Automobile Magazine*'s Automobile of the Year, Green Car of the Year, a *Car and Driver* 10 Best Award and *Motor Trend* Car of the Year.

Continuing that progress, we kicked off 2011 with another big win with the Chevrolet Silverado HD winning the top honor as *Motor Trend* Truck of the Year. It was the first time



The strength of the new GM: a new business model centered on our vision of designing, building and selling the world's best vehicles; a leader's leverage to economic growth in key mature and emerging markets worldwide; and a new balance sheet with a significantly improved risk profile.

GM brands captured both of the prestigious *Motor Trend* Car and Truck of the Year awards since Buick and Chevrolet captured both awards in 1979.

And across the globe, other GM vehicles are gaining similar acclaim for design excellence, quality and performance, including the Holden Commodore in Australia, Chevrolet Agile in Brazil, Buick LaCrosse in China and many others.

We also acquired AmeriCredit to form GM Financial, expanding the financing options for customers in the United States and Canada who want to buy or lease new GM vehicles.

We lowered our cost base and restructured operations in North America to achieve a break-even level near the bottom of the economic cycle. Despite depressed industry conditions, GM posted $5.7 billion of earnings before interest and taxes (EBIT) in North America. We significantly improved our balance sheet, reduced debt by more than $11 billion and improved the funding level of our U.S. pension plans with a $4 billion cash contribution. At the same time, we maintained our strong liquidity position through positive cash flow and a new $5 billion revolving line of credit.

In November we completed a landmark $23 billion public offering, the largest in history, allowing the U.S. and Canadian governments to reduce their ownership stakes in the company. The successful offering was an important vote of confidence for the progress and potential of the new General Motors.

BRIGHTENING FINANCIAL PICTURE

We were pleased to achieve profitability in our first full year as a new company, with 2010 net income attributable to common stockholders of $4.7 billion on revenue of $135.6 billion. We achieved earnings per share of $2.89 on a fully diluted basis.

"Our 2010 progress is early evidence of a new business model that begins and ends with great vehicles."

GM recorded adjusted EBIT of $7 billion and positive automotive free cash flow of $2.4 billion in 2010. Excluding a $4 billion discretionary contribution to the U.S. pension plans, free cash flow would have been $6.4 billion for the year.

The company's progress is early evidence of a new business model that begins and ends with great vehicles. We are leveraging our global resources and scale to maintain stringent cost management while taking advantage of growth and revenue opportunities around the world, to ultimately deliver sustainable results for all of our stakeholders.

The 2011 North American and *Motor Trend* Car of the Year Chevrolet Volt performs on the road and for the environment.

After a groundbreaking development process, GM launched the Chevrolet Volt electric vehicle with extended-range capability in November 2010. The vehicle underscores GM's commitment to technology leadership, while positively shaping perceptions about electric vehicles. Thanks to strong customer interest, GM has expanded its initial seven-state rollout plan, and the Volt will be available nationwide in the United States by the end of 2011.

THE ROAD AHEAD

It was a good year for GM, but we have a lot of work ahead of us. Although great opportunity abounds around the globe, risks do as well. In a still-recovering global economy, uncertainty surrounding the crisis in Japan, a volatile oil price environment, higher commodity prices and an increasingly competitive automotive marketplace, we will build on our 2010 progress by concentrating on three critical areas.

First, we will remain focused on our top priority—developing and introducing great new products to our valued customers worldwide. Key launches in 2011 include the fuel-efficient and sporty Chevy Sonic and the Buick Verano luxury small car in the United States; the Opel Zafira seven-seat MPV and the Ampera extended-range electric car in Europe; and our all-new Baojun brand in China.

As we regain our financial footing, we expect the number of new product launches to steadily rise over the next several years. And these new products will increasingly embrace advanced technology to reduce fuel consumption and emissions, improve safety and enhance the overall driving experience for our customers.

Advanced technology is key to GM product leadership in the future. This is what makes the Volt so important for GM. It's not just another "me too" vehicle. While it is by no means the ultimate solution for reducing our dependence on oil, the Volt is a glimpse into what's possible from GM. We will leverage what we have learned in its development—from the automotive battery, electric power control and other new technologies to the processes and partnerships we created—to help us accelerate the pace of innovation across the company.

Second, we will continue to sharpen our focus on how we engage customers. Fundamental to this is designing and producing vehicles that surprise and delight them. We're doing that by listening to customers, taking a wider view to predict emerging trends, ensuring we have the right features and technologies in our vehicles to set them apart from the rest, and enhancing our advertising and marketing efforts to more effectively connect with customers.

> "A key priority is to sharpen our focus on engaging our customers. That's critical to ensuring that we have the right features and technologies in our vehicles to win in a competitive marketplace."

We're working closely with our revitalized dealer network in the United States to deliver the best sales and service experience possible, and we continue to implement a highly disciplined inventory management approach worldwide to create an integrated, holistic brand experience everywhere we sell vehicles. In all efforts, we'll never forget what's most important: our customers.

Chevrolet Silverado HD named 2011 *Motor Trend* Truck of the Year.

Editors recognized Silverado for engineering excellence and advanced design, efficiency, safety, value and performance, especially the truck's new Duramax diesel engine, which delivers increased performance and significantly reduced emissions.

Our third area of focus is financial discipline. We will maintain a sharp global focus on cost management as we invest in products and technology and expand to meet increasing demand. At the same time, we are building a strong and resilient balance sheet, and expect to maintain a minimal level of debt and to take meaningful steps toward fully funding our U.S. pension plans.

BUILDING THE NEW GM

We are moving with increased speed and agility, and implementing change faster than ever before. We are becoming a company with the capability, resources and confidence to play offense, not defense. Instead of creating new vehicles that are just better than their predecessors, we're working to design, build and sell vehicles that define the industry standard.

I would like to close this letter with sincere thanks, from every one of us at General Motors, to the American and Canadian people and their governments. We will always be grateful for their support in GM's hour of greatest need, and we are determined to prove that this was an investment worth making.

I would also like to thank the investors who made our public offering so successful. Most of all, I want to thank our employees, retirees, dealers, union partners and many other stakeholders who stood by us through the toughest of times, and who made the sacrifices necessary for us to create our new company.

For the first time in decades, the playing field in the auto business is level. Now, the best car truly can win. GM can now dedicate its full attention to designing, building and selling the world's best vehicles—something that we hadn't been able to do in the past, due to a historical cost structure that was unsustainable, distracted our resources and hindered our ability to compete.

We will never forget the path that led to the old GM's bankruptcy and the sacrifices that were made by many to create the new GM. Most important, we learned from that experience, we understand why it happened and we will never go back there again. That is our commitment.

GM's strong 2010 results were evidence of what we now can achieve. Make no mistake; we have a long road ahead. There will be many bumps and unexpected bends. And we are building the right vehicle to navigate them: The New GM.

Thank you.

Sincerely,

Daniel F. Akerson

Daniel F. Akerson
Chairman & Chief Executive Officer
General Motors Company

*See page 20 for a reconciliation of non-GAAP measures to results reported under U.S. GAAP.

The new General Motors has one clear vision: to design, build and sell the world's best vehicles. Our new business model revolves around this vision, focusing on fewer brands, compelling vehicle design, innovative technology, improved manufacturing productivity and streamlined, more efficient inventory processes. The end result is products that delight customers and generate higher volumes and margins—and ultimately deliver more cash to invest in our future vehicles.

A New Vision, a New Business Model

Our vision is simple, straightforward and clear; to design, build and sell the world's best vehicles. That doesn't mean just making our vehicles better than the ones they replace. We have set a higher standard for the new GM—and that means building the best.

Our vision comes to life in a continuous cycle that starts, ends and begins again with great vehicle designs. To accelerate the momentum we've already created, we reduced our North American portfolio from eight brands to four: Chevrolet, Buick, Cadillac and GMC. Worldwide, we're aggressively developing and leveraging global vehicle architectures to maximize our talent and resources and achieve optimum economies of scale.

Across our manufacturing operations, we have largely eliminated overcapacity in North America while making progress in Europe, and we're committed to managing inventory with a new level of discipline. By using our manufacturing capacity more efficiently and maintaining leaner vehicle inventories, we are reducing the need to offer sales incentives on our vehicles. These moves, combined with offering attractive, high-quality vehicles, are driving healthier margins—and at the same time building stronger brands.

Our new business model creates a self-sustaining cycle of reinvestment that drives continuous improvement in vehicle design, manufacturing discipline, brand strength, pricing and margins, because we are now able to make money at the bottom as well as the top of the industry cycles.

We are seeing positive results already. In the United States, for example, improved design, content and quality have resulted in solid gains in segment share, average transaction prices and projected residual values for the Chevrolet Equinox, Buick LaCrosse and Cadillac SRX. This is just the beginning.

GM's new business model is designed to continuously and consistently invest in vehicle design, quality and technology, in turn building stronger brands and higher residual values.

Focusing on fewer U.S. brands—each with a distinct strategy—allows GM to stabilize and begin to improve market share.

Improvements in design, content, engineering and quality are resulting in increased segment share as well as improved average transaction prices.

The New GM Business Model

DESIGN
Focusing on fewer brands; leveraging global resources to create the most compelling vehicles and technologies

BUILD
Optimizing our global footprint to cost-effectively develop best-in-segment vehicles

SELL
Maximizing revenues with a focused brand strategy; delivering world-class vehicles to market

REINVEST
Reinvesting cash and profits consistently into vehicle and technology development, regardless of business cycle

GM Vision
Design, build and sell the world's best vehicles

The new GM is in a strong position to compete. Along with our joint venture partners, GM holds the leading position in the BRIC markets—Brazil, Russia, India and China—which collectively present the biggest opportunity for growth over the next five years. North America presents additional growth potential as it continues to recover from the economic crisis.

A New World of Opportunity and Growth

Despite the recent downturn, the global automotive industry remains a growth business. In fact, some industry analysts expect the market to increase from 72 million units in 2010 to as much as 96 million units by 2015. GM is well-poised to capitalize on that explosive growth.

The emerging BRIC markets are projected to grow collectively by nearly 12 million vehicles by 2015 as robust economies and increasing personal wealth drive demand. GM, together with our joint venture partners, ended 2010 with a market-leading 12.2 percent share in the combined BRIC countries, holding the number-one position for the sixth consecutive year.

Over the past decade, GM and our joint venture partners have built a leading position in China—the world's largest automotive market—with share increasing from 3.4 percent in 2000 to our current 12.8 percent. In India, GM and its partners saw a strong performance in 2010, delivering record volume, up 60 percent year over year, and an overall 0.6 point gain in market share. Brazil is the world's fifth-largest vehicle market, and GM is one of the top automakers there with a 19 percent market share.

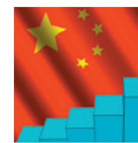
In North America, GM ended the year as the market share leader, driven by sharper brand focus and strong market acceptance of our new vehicles. In the United States, Buick has become the fastest-growing major automotive brand by appealing to a broad spectrum of vehicle buyers, with a 52 percent increase in sales in 2010. And in Canada, our core brand retail sales grew 26.4 percent in 2010, helping us achieve 15.6 percent market share.

It's becoming increasingly clear, all over the world: From Europe to Africa, Asia to North and South America, the new GM is taking hold. We're making progress every day in our drive to design, build and sell the world's best vehicles.

12 Million Vehicles

The combined BRIC countries represent the industry's most compelling growth opportunity, expected to expand by more than 12 million vehicles from 2010 through 2015.

2011 will be a big year for introducing new, world-class vehicles in China. In Europe, 2012 will be a major launch year, as will the following two years in the United States. 2012 will be a significant year for launches in Brazil.



China is now the largest vehicle market in the world, having passed the United States in 2009.

A Leader in the Highest-Growth Automotive Markets

Industry projected 5-year unit growth, 2010–2015
(units in millions)

KEY:
Projected Growth 2010–2015
GM Market Position in 2010

Region	Projected Growth 2010–2015	GM Market Position in 2010
North America	6.0	#1
Western Europe	1.6	#6
BRIC*	12.2	#1
All Other	4.2	#3

Source: IHS Automotive car and light truck sales forecast March 2011
*Brazil, Russia, India, China; includes joint ventures

The new GM has a much improved balance sheet that, combined with our competitive cost structure in North America, provides for a significantly lower risk profile. Given the cyclical nature of our industry and the capital-intensive nature of our business, our leadership team is committed to minimizing our financial leverage. After reinvesting in the business, we plan to use excess cash to fully fund our pension plans and maintain minimal debt, with the goal of attaining an investment-grade credit rating over the long term.

Significantly Lower Risk Profile

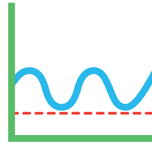
We have made solid progress reducing our financial leverage in 2010, with nearly $16 billion of combined reductions in key automotive obligations, including an $11.2 billion reduction in automotive debt and a $4.7 billion improvement in the underfunded status of our U.S. pension plans. In addition, we reduced our Series A Preferred Stock by $1.5 billion. Importantly, we ended the year with a very healthy $34 billion in available automotive liquidity to support the business going forward.

Our competitive cost structure in North America was the result of the progress we made through our restructuring and is supported by competitive agreements with our labor partners and our ability to more efficiently manage our manufacturing capacity. Our cost structure, strong product portfolio and pricing discipline in North America have allowed us to achieve breakeven near the bottom of the industry cycle.

As we manage through the downturns and rebounds of our industry, a key objective is to maintain consistent levels of investment in our engineering and product development in order to deliver the world's best vehicles, which will in turn deliver consistent financial performance over the long term. Minimizing financial leverage and maintaining cost discipline will help ensure we are able to do so.

We still have more work to do, but the progress we already have made is moving us closer to our ultimate goal: to be in a solid position to play offense, not defense, even in a down cycle. This is the essence of the new GM.

A much improved risk profile, strong liquidity, lower debt and competitive cost structure in North America position the company for sustainable results.



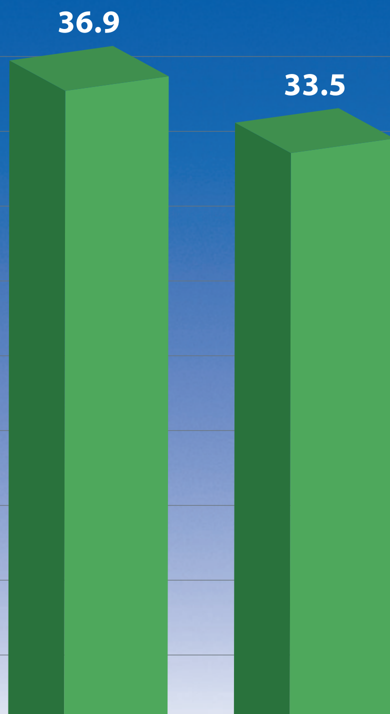
We now have a cost structure in North America that breaks even near the bottom of the industry cycle, enabling GM to succeed through downturns and rebounds alike.

A key objective at GM is to achieve investment-grade status by strengthening the balance sheet, fully funding our pension plans and improving our risk profile.

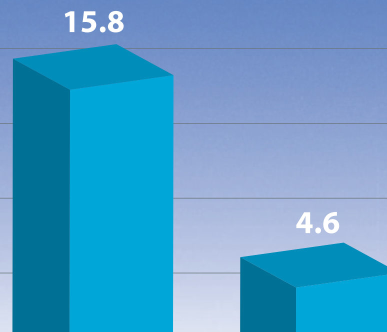
Strong Liquidity, Minimizing Debt

Reduced automotive debt by more than $11 billion, while maintaining healthy liquidity

Automotive Liquidity
($ in billions)



Automotive Debt
($ in billions)



Dec. 31, 2009 Dec. 31, 2010 Dec. 31, 2009 Dec. 31, 2010

Automotive Liquidity includes: cash, marketable securities, certain escrow restricted cash and available credit facilities

A World-Class Lineup in North America

Chevrolet Cruze

Global success is no surprise for the new Chevrolet Cruze, which is sold in more than 60 countries around the world. In addition to a 42 mpg Eco model (sold in North America), Cruze's globally influenced design is complemented by its exceptional quietness, high quality and attention to detail not matched by the competition.

Buick Regal

The sport-injected Buick Regal is the brand's latest addition, attracting a whole new demographic for the Buick brand. The newly designed Buick lineup, which saw 52 percent volume growth in 2010 in the United States alone, is appealing to a broader spectrum of buyers.

Chevrolet Equinox

The Chevrolet Equinox delivers best-in-segment 32-mpg highway fuel economy in a sleek, roomy new package. With the success of the Equinox and other strong-selling crossovers, GM leads the U.S. industry in total unit sales for the segment.

Chevrolet Sonic

Stylish four-door sedan and sporty five-door hatchback versions of the Chevrolet Sonic will be in U.S. showrooms in fall 2011. Currently the only small car built in the United States, it will be sold as the Aveo in other parts of the world.

Buick LaCrosse

Buick builds on the brand's momentum in the United States and China with the fuel-efficient LaCrosse. With eAssist technology, the LaCrosse achieves an expected 37 mpg on the highway.

Buick Verano

The all-new Buick Verano, which will be available in late 2011, appeals to customers in the United States, Canada and Mexico who want great fuel economy and luxury in a smaller but premium package.

GMC Terrain
The GMC Terrain delivers segment-leading fuel economy of 32 mpg highway, plus uncompromising content and premium technology, in a 5-passenger, compact SUV.

Cadillac CTS *V*-Coupe
Cadillac's new CTS *V*-Coupe is the complete package for the driving enthusiast—a 556 hp supercharged V-8 engine, stunning lines and performance handling.

GMC Sierra Heavy Duty
The GMC Sierra offers heavy-duty power and performance with the proven and powerful Duramax Diesel/Allison Transmission combination and a completely new chassis with improved capabilities and ride comfort.

GMC Yukon Hybrid
The GMC Yukon Hybrid is America's first full-sized SUV hybrid, with city fuel economy of 20 mpg—better than a standard 6-cylinder Honda Accord and 43 percent better than any full-size SUV in its class.

Cadillac CTS Sport Wagon
With an available advanced direct-injected V6 engine, the Cadillac CTS Sport Wagon sets a new standard for versatility, while offering excitement and purpose.

Cadillac SRX
The Cadillac SRX looks and performs like no other crossover, with a cockpit that offers utility and elegance and an optional 70-inch Ultraview sunroof.

A World-Class Lineup Around the World

Chevy Orlando
Using our global compact architecture, Chevrolet is launching the new Orlando seven-seat family van in select markets worldwide in 2011.

Baojun 630
The all-new Baojun 630 debuted in China in 2010—our new affordable vehicle brand designed to appeal to first-time car buyers.

Opel Meriva
The award-winning 2010 Opel Meriva is Europe's small monocab with more—from the centered handles of its FlexDoors to its dynamic lines and roomy, versatile interior.

Chevy Flex-Fuel Agile
With its efficient 1.4-liter Ecoflex engine, Brazil's Chevrolet Flex-Fuel Agile represents flex-fuel technology in a subcompact.

Opel Astra
The Opel Astra brings a new look and award-winning design to the European compact class with Hatchback and Sports Tourer models.

Chevrolet Montana
The Chevrolet Montana, which shares GM do Brasil's new Agile Hatchback city car platform, delivers a compact truck with 30-mpg highway fuel economy to markets in South America and Africa.

Europe

Brazil and Africa

India

Europe

Chevrolet Beat Diesel
Building on the global success of the Chevrolet Spark, Chevrolet has announced plans for the summer 2011 launch of the Chevrolet Beat Diesel in India, offering a new 1.0-liter diesel version of this popular, stylish hatchback.

Opel Ampera
In late 2011 European customers will be able to experience GM's award-winning Voltec technology when both the Chevrolet Volt and Opel Ampera go on sale there. Both vehicles feature their own unique styling and bring pioneering technology to new markets.

The New GM's vehicle lineup had a banner year for honors and awards in 2010, capturing many of the industry's most prestigious awards, including the *Motor Trend* Car and Truck of the Year for the Chevrolet Volt and Silverado HD; North American Car of the Year for the Volt; the *Auto Bild* Golden Steering Wheel Award 2010 for the Opel Meriva; and the *Consumers Digest* Automotive Best Buy Award for the all-new Buick Regal. The Cadillac CTS-*V* and Volt were also recognized among the *Car and Driver* 10 Best and the GMC Terrain was ranked highest in its segment in the J.D. Power APEAL study. For information on these wins and many more, please visit *www.gmwins.com*.

A New Attitude

We are making major strides in becoming a GM that works smart, thinks big and moves fast. The new GM culture values simplicity, agility and action—making and implementing decisions faster, pushing accountability deeper into the organization and demanding results from everyone. There's never been a greater need to change, and there's never been a better time.

New Leadership

(As of April 1, 2011)

Board of Directors

(Front Row, Left to Right)

Erroll B. Davis, Jr. [1, 4]
Chancellor,
University System
of Georgia
Director since July 10, 2009

Daniel F. Akerson
Chairman &
Chief Executive Officer
Director since July 24, 2009

Carol M. Stephenson [2, 3]
Dean,
Richard Ivey School of Business,
The University
of Western Ontario
Director since July 24, 2009

Stephen J. Girsky [4,5]
Vice Chairman, Corporate
Strategy, Business
Development,
Global Product Planning,
& Global Purchasing
and Supply Chain
Director since July 10, 2009

(Back Row, Left to Right)

Cynthia A. Telles [3, 4]
Director,
UCLA Neuropsychiatric Institute
Spanish-Speaking
Psychosocial Clinic
Director since April 13, 2010

David Bonderman [2, 5]
Co-Founding Partner
& Managing General Partner,
TPG
Director since July 24, 2009

Patricia F. Russo [2, 3, 5]
Former Chief Executive Officer,
Alcatel-Lucent
Director since July 24, 2009

Philip A. Laskawy [1, 5]
Retired Chairman &
Chief Executive Officer,
Ernst & Young LLP
Director since July 10, 2009

E. Neville Isdell [2,3 4]
Retired Chairman &
Chief Executive Officer,
The Coca-Cola Company
Director since July 10, 2009

Kathryn V. Marinello [1, 4]
Chairman &
Chief Executive Officer,
Stream Global Services, Inc.
Director since July 10, 2009

Robert D. Krebs [1, 5]
Retired Chairman &
Chief Executive Officer,
Burlington Northern
Santa Fe Corporation
Director since July 24, 2009

Committees: 1 Audit, 2 Executive Compensation, 3 Directors and Corporate Governance, 4 Public Policy, 5 Finance and Risk

Management Team *(Not Pictured)*

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman, Corporate
Strategy, Business Development, Global Product Planning,
& Global Purchasing
and Supply Chain

Thomas G. Stephens
Vice Chairman & Global Chief
Technology Officer

Daniel Ammann
Senior Vice President &
Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product Development

Timothy E. Lee
Vice President &
President,
International Operations

Michael P. Millikin
Senior Vice President &
General Counsel

D. Nick Reilly
Vice President &
President, Europe

Mark L. Reuss
Vice President &
President, North America

Selim Bingol
Vice President,
Global Communications

Nicholas S. Cyprus
Vice President & Controller
& Chief Accounting Officer

Joel Ewanick
Vice President & Global Chief
Marketing Officer

Robert E. Ferguson
Vice President,
Global Public Policy

Terry S. Kline
Vice President, Information
Technology &
Chief Information Officer

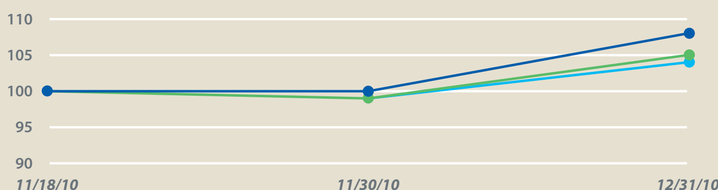
Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Chester N. Watson
General Auditor

Highlights

Comparison of Cumulative Total Return



	11/18/10	11/30/10	12/31/10
General Motors Company	$100	$100	$108
S&P 500 Index	$100	$ 99	$105
Ford	$100	$ 99	$104

Sources: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford

VEHICLE SALES & NET REVENUE

(in millions, except per share & units)	2010
VEHICLE SALES, INCLUDING JOINT VENTURES — (000'S UNITS)	
GMNA	2,625
GME	1,662
GMIO	3,077
GMSA	1,026
Worldwide Vehicle Sales	8,390
Worldwide Net Sales & Revenue	$135,592
FINANCIAL RESULTS	
Earnings Before Interest and Income Taxes*	$ 7,477
Net Income Attributable to Common Stockholders	$ 4,668
Diluted Earnings Per Share	$ 2.89
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS	
Available Automotive Liquidity	
Cash and Marketable Securities**	$ 27,624
Credit Facilities	5,919
Total Automotive Liquidity	$ 33,543
Key Automotive Obligations	
Debt	$ 4,630
Underfunded U.S. Pension	12,388
Total Automotive Obligations	$ 17,018
AUTOMOTIVE FREE CASH FLOW	
Automotive Net Cash Provided by (Used in) Operating Activities	$ 6,589
Capital Expenditures	(4,200)
Automotive Free Cash Flow	$ 2,389
EMPLOYMENT — YEAR-END (000'S)	
GMNA	96
GME	40
GMIO	32
GMSA	31
GM Financial	3
Worldwide Employment	202

*Includes GM Financial on an Earnings Before Tax (EBT) basis
** Cash includes Canadian HC Trust restricted cash

Financial Contents

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
Selected Financial Data	22
Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Quantitative and Qualitative Disclosures About Market Risk	109
Financial Statements and Supplementary Data	117
Consolidated Statements of Operations	117
Consolidated Balance Sheets	118
Consolidated Statements of Cash Flows	119
Consolidated Statements of Equity (Deficit)	121
Notes to Consolidated Financial Statements	123
Controls and Procedures	284
Financial Statement Schedule II — Valuation and Qualifying Accounts	286

General Motors Company and Subsidiaries
Reconciliation of Non-GAAP Measures

The accompanying Letter to Stakeholders includes earnings before interest and taxes (EBIT), EBIT adjusted and Automotive free cash flow which are not prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent registered public accounting firm. EBIT, EBIT adjusted and Automotive free cash flow are considered non-GAAP financial measures.

Management believes these non-GAAP financial measures provide meaningful supplemental information regarding GM's operating results because they exclude amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance among geographic regions. Accordingly, GM believes these non-GAAP financial measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

The following table summarizes the reconciliation of EBIT to its most comparable U.S. GAAP measure (dollars in millions):

	Successor **Year Ended** December 31, 2010
Operating segments	
GMNA	$ 5,748
GME	(1,764)
GMIO	2,262
GMSA	818
GM Financial(a)	129
Total operating segments	7,193
Corporate and eliminations	284
EBIT	**7,477**
Interest income	465
Automotive interest expense	1,098
Income tax expense	672
Net income attributable to stockholders	**6,172**
Less: Cumulative dividends on and charge related to purchase of preferred stock	1,504
Net income attributable to common stockholders	**$ 4,668**

(a) GM Financial amounts represent income before income taxes.

General Motors Company and Subsidiaries
Reconciliation of Non-GAAP Measures

The following table summarizes the reconciliation of EBIT adjusted to EBIT and Automotive free cash flow to Automotive Net cash provided by (used in) operating activities (dollars in millions):

	Successor **Year Ended** December 31, 2010
EBIT adjusted(a)	$ 7,030
Adjustments	447
EBIT(a)	**$ 7,477**
Automotive	
Free cash flow	$ 2,389
Capital expenditures	4,200
Net cash provided by operating activities	**$ 6,589**

(a) GM Financial amounts included in EBIT and EBIT adjusted represent income before income taxes.

Adjustments

In the year ended December 31, 2010 Adjustments included the following:

- Gain of $198 million on the extinguishment of the VEBA Notes;
- Gain of $66 million related to the acquisition of General Motors Strasbourg S.A.S;
- Gain of $123 million as a result of the sale of Saab Automobile AB to Spyker Cars NV; and
- Gain of $60 million related to the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Market Information

Shares of our common stock have only been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result our table below only provides data with respect to the fourth quarter for our common stock.

Quarterly price ranges of our common stock on the New York Stock Exchange, the principal market in which the stock is traded are as follows:

	Year Ended December 31, 2010	
	High (a)	**Low (a)**
Quarter		
First	N/A	N/A
Second	N/A	N/A
Third	N/A	N/A
Fourth	$36.98	$33.07

(a) The quarterly price ranges for our common stock are based on high and low prices from intraday trades.

Holders

As of February 15, 2011 we had a total of 1.6 billion issued and outstanding shares of common stock and a total of 318 million shares of common stock for which warrants are initially exercisable by two warrant holders of record. As of February 15, 2011 there were 185 holders of record of our common stock.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our new secured revolving credit facility, and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(Dollars in millions except per share amounts)

	Successor		Predecessor			
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)(b)	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	2007	2006
Income Statement Data:						
Total net sales and revenue (c)(d)	$135,592	$ 57,474	$ 47,115	$148,979	$179,984	$204,467
Reorganization gains, net (e)	$ —	$ —	$128,155	$ —	$ —	$ —
Income (loss) from continuing operations (e)(f)	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)	$ (2,155)
Income from discontinued operations, net of tax (g)	—	—	—	—	256	445
Gain on sale of discontinued operations, net of tax (g)	—	—	—	—	4,293	—
Net income (loss) (e)	6,503	(3,786)	109,003	(31,051)	(38,136)	(1,710)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108	(406)	(324)
Less: Cumulative dividends on and charge related to purchase of preferred stock (h)	1,504	131	—	—	—	—
Net income (loss) attributable to common stockholders (e)	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)	$ (2,034)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)
Cash dividends per common share	$ —	$ —	$ —	$ 0.50	$ 1.00	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (d)(f)	$138,898	$136,295		$ 91,039	$148,846	$185,995
Automotive notes and loans payable (i)(j)	$ 4,630	$ 15,783		$ 45,938	$ 43,578	$ 47,476
GM Financial notes and loans payable (d)	$ 7,032					
Series A Preferred Stock (k)	$ 5,536	$ 6,998		$ —	$ —	$ —
Series B Preferred Stock (l)	$ 4,855	$ —		$ —	$ —	$ —
Equity (deficit) (f)(m)(n)	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)	$ (4,076)

(a) All applicable Successor share, per share and related information has been adjusted retroactively for the three-for-one stock split effected on November 1, 2010.

(b) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(c) In November 2006 Old GM sold a 51% controlling ownership interest in Ally Financial, Inc., formerly GMAC, Inc. (Ally Financial) resulting in a significant decrease in total consolidated net sales and revenue.

(d) GM Financial was consolidated effective October 1, 2010.

(e) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to our consolidated financial statements for additional detail.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(f) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(g) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(h) Includes a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(i) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility.

(j) In December 2010 GM Daewoo Auto & Technology Co. (GM Daewoo) terminated a Korean Won 1.4 trillion (equivalent to $1.2 billion) credit facility following the repayment of the remaining $1.0 billion under the facility.

(k) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount.

(l) Series B Preferred Stock was issued in a public offering in November and December 2010. The Series B Preferred Stock pays dividends at 4.75% and is convertible to common stock at the option of the holder until December 1, 2013 the date on which all outstanding shares of Series B Preferred Stock will be mandatorily converted into common stock based on pre-defined conversion ratios that adjust based on the share price of our common stock.

(m) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, “Compensation — Retirement Benefits” (ASC 715).

(n) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions in accordance with ASC 740, “Income Taxes” (ASC 740).

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this management's discussion and analysis of financial condition and results of operations, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Staff of the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and General Motors Financial Company, Inc. (GM Financial).

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010 we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable share, per share and related information for periods on or subsequent to July 10, 2009 has been adjusted retroactively to give effect to the three-for-one stock split.

On October 5, 2010 our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Overview

Our Company

Our company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. As a result of the 363 Sale and other recent restructuring and cost savings initiatives, we have improved our financial position and level of operational flexibility as compared to Old GM when it operated the business. We commenced operations upon completion of the 363 Sale with a total amount of debt and other liabilities at July 10, 2009 that was $92.7 billion less than Old GM's total amount of debt and other liabilities at July 9, 2009. We reached a competitive labor agreement with our unions, restructured our dealer network and reduced and refocused our brand strategy in the U.S. to our four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange.

Automotive

We are a leading global automotive company. Our vision is to design, build and sell the world's best vehicles. We seek to distinguish our vehicles through superior design, quality, reliability, telematics (wireless voice and data) and infotainment and safety within their respective segments. Our business is diversified across products and geographic markets. With a global network of independent dealers we meet the local sales and service needs of our retail and fleet customers. Of our total 2010 vehicle sales volume, 73.6% was generated outside the United States, including 43.0% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and distribution operations in Central America and the Caribbean, represented 31.3% of our total 2010 vehicle sales volume. In North America, we sell our vehicles through four brands — Chevrolet, GMC, Buick and Cadillac — which are manufactured at plants across the U.S., Canada and Mexico and imported from other GM regions. In 2010, GMNA had the largest market share of any competitor in this market at 18.2%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Russia, the Commonwealth of Independent States and Eastern Europe represented 19.8% of our total 2010 vehicle sales volume. In Western and Central Europe, we sell our vehicles under

the Opel and Vauxhall (U.K. only) brands, which are manufactured in Europe, and under the Chevrolet brand, which is imported from South Korea where it is manufactured by GM Daewoo of which we own 70.1%. In 2010, GME had the number five market share in this market, at 8.8%.

- GMIO, with sales, manufacturing and distribution operations in Asia-Pacific, Russia, the Commonwealth of Independent States, Eastern Europe, Africa and the Middle East, is our largest segment by vehicle sales volume. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East represented 36.7% of our total 2010 vehicle sales volume including sales through our joint ventures. In these regions, we sell our vehicles under the Buick, Cadillac, Chevrolet, Daewoo, FAW, GMC, Holden, Isuzu, Jiefang, Opel and Wuling brands, and we plan to commence sales under the Baojun brand in 2011. In 2010, GMIO had the second largest market share for this market at 8.8% and the number one market share in China. Of GMIO's vehicle sales volume 76.4% is from China in 2010. Our Chinese operations are primarily comprised of three joint ventures: Shanghai General Motors Co., Ltd. (SGM); of which we own 49%, SAIC-GM-Wuling Automobile Co., Ltd. (SGMW); of which we own 44% and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM); of which we own 50%.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales activities in Bolivia, Chile, Paraguay, Peru and Uruguay represented 12.2% of our total 2010 vehicle sales volume. In South America, we sell our vehicles under the Chevrolet, Suzuki and Isuzu brands. In 2010 GMSA had the largest market share for this market at 19.9% and the number three market share in Brazil. Of GMSA's vehicle sales volume 64.1% is from Brazil in 2010.

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the new Chevrolet Volt.

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial specializes in purchasing retail automobile installment sales contracts originated by franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial generates revenue and cash flows primarily through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on the finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our management team is focused on hiring new and promoting current talented employees who can bring new perspectives to our business in order to execute on our strategy as follows:

Deliver quality products. We intend to maintain a broad portfolio of vehicles so that we are positioned to meet global consumer preferences. We plan to do this in several ways.

- *Concentrate our design, engineering and marketing resources on fewer brands and architectures.* We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today. We expect that this initiative will result in greater investment per architecture and brand and will increase our product development and manufacturing flexibility, allowing us to maintain a steady schedule of important new product launches in the future. We believe our four-brand strategy in the U.S. will continue to enable us to allocate higher marketing expenditures per brand.

- *Develop products across vehicle segments in our global markets.* We plan to develop vehicles in each of the key segments of the global markets in which we compete. For example, in September 2010 we introduced the Chevrolet Cruze in the U.S. small car segment, an important and growing segment where we have historically been under-represented.

- *Continued investment in a portfolio of technologies.* We will continue to invest in technologies that support energy diversity and energy efficiency as well as in safety, telematics and infotainment technology. We are committed to advanced propulsion technologies and intend to offer a portfolio of fuel efficient alternatives that use energy sources such as petroleum, bio-fuels, hydrogen and electricity, including the new Chevrolet Volt. We are committed to increasing the fuel efficiency of our vehicles with internal combustion engines through features such as cylinder deactivation, direct injection, variable valve timing, turbo-charging with engine downsizing and six speed transmissions. For example, we expect the Chevrolet Cruze Eco to be capable of achieving an estimated 40 mpg on the highway with a traditional internal combustion engine. We are expanding our telematics and infotainment offerings and, as a result of our OnStar service and our partnerships with companies such as Google, are in a position to deliver safety, security, navigation and connectivity systems and features.

Sell our vehicles globally. We will continue to compete in the largest and fastest growing markets globally.

- *Broaden GMNA product portfolio.* We plan to launch 13 new vehicles in GMNA across our four brands in 2011 and 2012, primarily in the growing car and crossover segments, where, in some cases, we are under-represented, and an additional 29 new vehicles between 2013 and 2014. Launched vehicles in 2010 included the Chevrolet Matiz, Spark, Spark Lite and Volt, Cadillac CTS Coupe and Buick Regal. We believe that we have achieved a more balanced portfolio in the U.S. market, where we maintained a sales volume mix of 36% from cars, 38% from trucks and 26% from crossovers in 2010 compared to 51% from trucks in 2006.

- *Refresh GME's vehicle portfolio.* To improve our product quality and product perception in Europe, by the start of 2012, we plan to have 80% of our Opel/Vauxhall carlines volume refreshed such that the model stylings are less than three years old. We have four product launches scheduled in 2011. As part of our planned rejuvenation of Chevrolet's portfolio, which increasingly supplements our Opel/Vauxhall brands throughout Europe, we are moving the entire Chevrolet lineup to new global architectures.

- *Increase sales in GMIO, particularly in China.* We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as China, and to improve market share in other important markets, including South Korea, South Africa, Russia, India and the ASEAN region. We aim to launch 70 new vehicles throughout GMIO through 2012. We plan to enhance and strengthen our GMIO product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- Increase sales in GMSA, particularly in Brazil. We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as Brazil. We aim to launch 40 new vehicles throughout GMSA through 2011. We plan to

strengthen our GMSA product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- *Ensure competitive financing is available to our dealers and customers.* We currently maintain multiple financing programs and arrangements with third parties for our wholesale and retail customers to utilize when purchasing or leasing our vehicles. Through our long-standing arrangements with Ally Financial and a variety of other worldwide, regional and local lenders, we provide our customers and dealers with access to financing alternatives. We plan to further expand the range of financing options available to our customers and dealers to help grow our vehicle sales through two specific objectives: (1) ensure certainty of availability of financing; and (2) competitive and transparent pricing for financing, for our dealers and customers. We expect GM Financial will offer increased availability of leasing and sub-prime financing for our customers in the United States and Canada throughout economic cycles. We also plan to use GM Financial to initiate targeted customer marketing initiatives to expand our vehicle sales.

Reduce breakeven levels through improved revenue realization and a competitive cost structure. In developed markets, we are improving our cost structure to become profitable at lower industry volumes.

- *Capitalize on cost structure improvement and maintain reduced incentive levels in GMNA*. We plan to sustain the cost reduction and operating flexibility progress we have made as a result of our North American restructuring. Our current U.S. and Canadian hourly labor agreements provide the flexibility to utilize a lower tiered wage and benefit structure for new hires, part-time employees and temporary employees. We aim to increase our vehicle profitability by maintaining competitive incentive levels with our strengthened product portfolio and by actively managing our production levels through monitoring of our dealer inventory levels. For the twelve months ended December 31, 2010 and based on GMNA's 2010 market share, GMNA's earnings before interest and taxes (EBIT) (EBIT is not an operating measure under U.S. GAAP — refer to "Reconciliation of Consolidated, Automotive and GM Financial Segment Results" for additional discussion) would have achieved breakeven at GMNA wholesale volume of approximately 2.3 million vehicles, consistent with an annual U.S. industry sales volume of approximately 9.5 to 10.0 million vehicles.

- *Execute on our Opel/Vauxhall restructuring plan*. We expect our Opel/Vauxhall restructuring plan to lower our vehicle manufacturing costs. The plan includes manufacturing rationalization, headcount reduction, labor cost concessions from the remaining workforce and selling, general and administrative efficiency initiatives. Specifically, we have reached an agreement to reduce our European manufacturing capacity by 20% through, among other things, the closing of our Antwerp facility in Belgium and the rationalization of our powertrain operations in our Bochum and Kaiserslautern facilities in Germany. Additionally, we have reached an agreement with the labor unions in Europe to reduce labor costs by Euro 265 million per year. The objective of our restructuring, along with the refreshed product portfolio pipeline, is to restore the profitability of the GME business.

- *Enhance manufacturing flexibility.* We primarily produce vehicles in locations where we sell them and we have significant manufacturing capacity in medium- and low-cost countries. We intend to maximize capacity utilization across our production footprint to meet demand without requiring significant additional capital investment. For example, we were able to leverage the benefit of a global architecture and start initial production for the U.S. of the Buick Regal 11 months ahead of schedule by temporarily shifting production from North America to Rüsselsheim, Germany.

Maintain a strong balance sheet. Given our business's high operating leverage and the cyclical nature of our industry, we intend to minimize our financial leverage. We plan to use excess cash to repay debt and to make discretionary contributions to our U.S. pension plans. Based on this planned reduction in financial leverage and the anticipated benefits resulting from our operating strategy described above, we will aim to attain an investment grade credit rating over the long-term.

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM, through its wholly-owned subsidiary GMCL, also received funding from Export Development of Canada (EDC), a corporation wholly-owned by the Government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the UST Loan Facility under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);

- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA Obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus of resources on four U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab, HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers was targeted from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of the Sellers. The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

- UST's return of the warrants Old GM previously issued to it;

- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and

- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where expected general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued

liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009, we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (UST Loans). Through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement with EDC and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued the VEBA Notes to the New VEBA in the principal amount of $2.5 billion pursuant to the VEBA Note Agreement.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 19 to our consolidated financial statements for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, which could have included compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased the 84 million shares of Series A Preferred Stock held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 to our consolidated financial statements for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post-age-65 benefits and placing a cap on pre-age-65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11

Proceedings were recorded in Reorganization gains, net. Expenses and gains and losses directly related to the reorganization do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities.

Specific Management Initiatives

The execution of certain management initiatives is critical to achieving our goal of sustained future profitability. The following provides a summary of these management initiatives and significant results and events.

Repayment of Debt and Reduction of Financial Leverage

Purchase of Series A Preferred Stock from the UST

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion.

Contribution of Cash and Common Stock to U.S. Hourly and Salaried Pension Plans

In October 2010 we announced our intention to contribute $6.0 billion to our U.S. hourly and salaried pension plans, consisting of $4.0 billion of cash and $2.0 billion of our common stock. In December 2010 we made the $4.0 billion cash contribution to our U.S. hourly and salaried pension plans consisting of a $2.7 billion contribution to the U.S. hourly pension plan and a $1.3 billion contribution to the U.S. salaried pension plan. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. We contributed 41 million shares of our common stock to the U.S. hourly pension plan and 20 million shares of our common stock to the U.S. salaried pension plan.

Repayment of GM Daewoo Credit Facility

In December 2010 GM Daewoo terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

Repayment of VEBA Notes

On July 10, 2009 we entered into the VEBA Note Agreement and issued the VEBA Notes in the principal amount of $2.5 billion to the New VEBA. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Repayment of UST Loans and Canadian Loan

Proceeds from the DIP Facility were necessary in order to provide sufficient capital for Old GM to operate pending the closing of the 363 Sale. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities was to repay the outstanding balances from these loans prior to maturity. We also plan to use excess cash to repay debt and reduce our financial leverage.

In April 2010, we used funds from our escrow account (described below) to repay in full the then-outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity.

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow. We used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP (New Delphi), in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. We released from escrow $2.4 billion in connection with two quarterly payments on the UST Loans and Canadian Loan and another $4.7 billion was released upon the repayment of the UST Loans. The remaining funds in the amount of $6.6 billion that were held in escrow became unrestricted and the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German federal government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Focus on Chinese Market

Our Chinese operations, which we established beginning in 1997, are composed of the following joint ventures: SGM, SGMW, FAW-GM, Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car JV), collectively referred to as China JVs. We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick division, which we believe is a strong brand in China. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Chevrolet brand in China. Sales and income of the joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet, and Cadillac.

SGMW, of which we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9%, produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling and Chevrolet brands. In 2010 we entered into an equity transfer agreement to purchase an additional 10% interest in SGMW from Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, (together the Wuling Group) for $52 million in cash plus an agreement to provide technical services to the Wuling Group through 2013. Upon receiving regulatory approval in China, the transaction closed in November of 2010 increasing our ownership from 34% to 44% of the outstanding stock of SGMW. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales and production volume in China. SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes certain key operational and financial data for the China JVs (dollars in millions):

	Years Ended	
	December 31, 2010	December 31, 2009
Total wholesale units	2,348,391	1,823,693
Market share	12.8%	13.3%
Total net sales and revenues	$ 25,395	$ 18,098
Net income	$ 2,808	$ 1,636
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 5,247	$ 3,516
Debt	$ 61	$ 30

In November 2010 we and SAIC entered into a non-binding Memorandum of Understanding (MOU) that would, if binding agreements are concluded by the parties, result in several strategic cooperation initiatives between us and SAIC. The initiatives covered by the MOU include:

- Cooperation in the development of new energy vehicles, such as appropriate electric vehicle architectures and battery electric vehicle technical development;
- Further expanding the role of PATAC in vehicle development, new technology development and participation in our global vehicle development process;
- Sharing an additional vehicle architecture and powertrain application with SAIC in an effort to help reduce development costs and benefit from economies of scale;
- Potential cooperation in providing access to our distribution network outside China for certain of SAIC's MG branded products;
- Providing training sources to assist a limited number of SAIC engineers with their professional development; and
- Discussions to determine possible areas of cooperation in the development of future diesel engines.

We expect definitive agreements will be reached in the first half of 2011 for the initiatives not yet agreed to at December 31, 2010.

Development of Multiple Financing Sources and GM Financial

A significant percentage of our customers and dealers require financing to purchase our vehicles. Historically, Ally Financial has provided most of the financing for our dealers and a significant amount of financing for our customers in the U.S., Canada and various other markets around the world. We maintain other financing relationships, such as with U.S. Bank for U.S. leasing, GM Financial for sub-prime lending and a variety of local and regional financing sources around the world.

We expect GM Financial will allow us to complement our existing relationship with Ally Financial in order to provide a more complete range of financing options to our customers, specifically focusing on providing additional capabilities in leasing and sub-prime financing options. We also plan to use GM Financial for targeted customer marketing initiatives to expand our vehicle sales.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility will be needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "— Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Opel/Vauxhall Restructuring Activities

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result, we have decided to fund the requirements of Opel/Vauxhall internally, including any amounts necessary to fund the $1.4 billion in cash required to complete the European restructuring program. Opel/Vauxhall has subsequently withdrawn all applications for government loan guarantees from European governments.

Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

We plan to continue to invest in capital, engineering and innovative fuel efficient powertrain technologies including an extended-range electric vehicle and battery electric vehicles. Our plan also includes aggressive capacity reductions including headcount reductions and the closing of our Antwerp, Belgium facility.

In the year ended December 31, 2010 GME recorded charges for 2010 restructuring programs of $81 million related to separation programs in the U.K. and Germany and an early retirement plan in Spain of $63 million, which will affect 1,200 employees.

In the year ended December 31, 2010 GME recorded charges of $527 million related to a separation plan associated with the closure of the Antwerp, Belgium facility. There were 2,600 employees affected, of which 1,300 separated in June 2010. In addition, GME and employee representatives entered into a Memorandum of Understanding whereby both parties cooperated in a working group, which also included the Flemish government, in order to find an outside investor to acquire and operate the facility. In October 2010 we announced that the search for an investor had been unsuccessful and the vehicle assembly operations in Antwerp, Belgium ceased at the end of 2010.

Increased GMNA Production Volume

The moderate improvement in the U.S. economy, resulting increase in U.S. industry vehicle sales and increase in demand for our products has resulted in increased production volumes for GMNA. In the year ended December 31, 2010 GMNA produced 2.8 million vehicles. This represents an increase of 46.8% compared to 1.9 million vehicles that combined GM and Old GM GMNA produced in the year ended December 31, 2009.

The following table summarizes GMNA's quarterly production volume (in thousands):

	Three Months Ended December 31	Three Months Ended September 30	Three Months Ended June 30	Three Months Ended March 31
GMNA quarterly production volume 2010	703	707	731	668
GMNA quarterly production volume 2009	616	531 (a)	395 (b)	371 (b)
Total GMNA quarterly production volume year- over-year increase	14.1%	33.1%	85.1%	80.1%

(a) Combined GM and Old GM GMNA production volume.

(b) Old GM GMNA production volume.

Increased U.S. Vehicle Sales

GMNA dealers in the U.S. sold 2.2 million vehicles in the year ended December 31, 2010. This represents an increase of 131,000 vehicles (or 6.3%) from our and Old GM's U.S. vehicle sales in the year ended December 31, 2009. This increase reflects our brand rationalization strategy to focus our product engineering and design and marketing on our four brands. This strategy has resulted in increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX.

These four brands accounted for 99.4% of our U.S. vehicle sales in the year ended December 31, 2010. The moderate improvement in the U.S. economy has contributed to a slow but steady improvement in U.S. industry vehicle sales and increased consumer confidence.

The continued increase in U.S. industry vehicle sales and the vehicle sales of our four brands is critical for us to maintain our worldwide profitability.

U.S. Dealer Reduction

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network, we performed analyses of volumes and consumer satisfaction indexes, among other criteria, and over 1,800 U.S. retail dealers signed wind-down agreements effectively terminating their dealer agreements with us on October 31, 2010. Pursuant to legislation passed in December 2009 over 1,100 dealers filed for arbitration seeking reinstatement. In 2010 the arbitration process was resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands. At December 31, 2010 there were 4,500 vehicle dealers in the U.S. compared to 5,600 at December 31, 2009.

Section 136 Loans

Section 136 of the Energy Independence and Security Act of 2007 (EISA) established an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S. In January 2011 consistent with our strategy to maintain a strong balance sheet by minimizing our financial leverage, we withdrew our $14.4 billion loan application, under Section 136, to the U.S. Department of Energy.

Brand Rationalization

We have focused our resources in the U.S. on four brands. As a result, we completed the sale of Saab Automobile AB (Saab) in February 2010 and the sale of Saab Automobile GB (Saab GB) in May 2010 and have completed the wind down of our Pontiac, Saturn, and HUMMER brands.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of Nexteer included the global steering business which was acquired in October 2009. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia. We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the Delphi Master Distribution Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other original equipment manufacturers with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with several third party investors who held the Delphi Tranche DIP Facility (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities had been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions and settlements with various represented employee groups are discussed below.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

Global Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

09-50026-reg Doc 13377-13 Filed 07/14/15 Entered 07/14/15 17:21:10 Exhibit 13

U.S. Salaried Benefit Changes

U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued other postretirement benefits (OPEB) liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the revised settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the Canadian Auto Workers Union (CAW) had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to our consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM's financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2010 and 2009 and in the periods presented.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial's loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results of Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$135,142	$57,329	$ 46,787	$147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (a)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)

(a) Includes charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize total production volume and sales of new motor vehicles and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production Volume (a)			
GMNA	2,809	1,913	3,449
GME	1,234	1,106	1,495
GMIO (b)	3,745	2,677	2,335
GMSA	926	807	865
Worldwide	8,714	6,503	8,144

(a) Production volume includes vehicles produced by certain joint ventures.

(b) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)(e)						
GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
GMIO (f)(g)	3,077	8.8%	2,453	8.7%	1,832	7.4%
GMSA	1,026	19.9%	872	20.0%	920	20.7%
Worldwide	8,390	11.4%	7,477	11.6%	8,359	12.3%

(a) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT provides meaningful supplemental information regarding our automotive segments' operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT is useful in allowing for greater transparency of our core operations and it is therefore used by management in its financial and operational decision-making.

While management believes that EBIT provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U.S. GAAP measures.

Management believes income (loss) before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

The following table summarizes the reconciliation of our automotive segments EBIT and GM Financial's income before income taxes to Net income (loss) attributable to stockholders (dollars in millions):

	Successor				Predecessor			
	Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009		Year Ended December 31, 2008	
Automotive								
EBIT								
GMNA (a)	$ 5,748	81.4%	$(4,820)	108.8%	$ (11,092)	74.7%	$(12,203)	85.3%
GME (a)	(1,764)	(25.0)%	(814)	18.4%	(2,815)	19.0%	(2,625)	18.3%
GMIO (a)	2,262	32.0%	789	(17.8)%	(486)	3.3%	(555)	3.9%
GMSA (a)	818	11.6%	417	(9.4)%	(454)	3.0%	1,076	(7.5)%
Total automotive EBIT	7,064	100%	(4,428)	100%	(14,847)	100%	(14,307)	100%
Corporate and eliminations (b)	284		(359)		128,044		(13,000)	
Interest income	465		184		183		655	
Automotive interest expense	1,098		694		5,428		2,525	
Income tax expense (benefit)	672		(1,000)		(1,166)		1,766	
Automotive Financing								
GM Financial income before income taxes	129		—		—		—	
Net income (loss) attributable to stockholders	$ 6,172		$(4,297)		$109,118		$(30,943)	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
GMNA	$ 83,035	$ 56,617	$32,426	$24,191	$ 86,187	$26,418	46.7%	$(29,570)	(34.3)%
GME	24,076	24,031	11,479	12,552	34,647	45	0.2%	(10,616)	(30.6)%
GMIO	21,470	14,785	8,567	6,218	24,050	6,685	45.2%	(9,265)	(38.5)%
GMSA	15,379	13,135	7,399	5,736	14,522	2,244	17.1%	(1,387)	(9.6)%
GM Financial	281	—	—	—	—	281	n.m.	—	n.m.
Total operating segments	144,241	108,568	59,871	48,697	159,406	35,673	32.9%	(50,838)	(31.9)%
Corporate and eliminations	(8,649)	(3,979)	(2,397)	(1,582)	(10,427)	(4,670)	(117.4)%	6,448	61.8 %
Total net sales and revenue	$135,592	$104,589	$57,474	$47,115	$148,979	$31,003	29.6%	$(44,390)	(29.8)%

n.m. = not meaningful

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%), primarily due to: (1) increased wholesale sales volume of $19.8 billion in GMNA due to an improving economy and recent vehicle launches; (2) increased wholesale volumes of $3.9 billion in GMIO due to an improving global economy and recent vehicle launches; (3) favorable vehicle pricing effect of $2.9 billion in GMNA due to lower sales allowances, partially offset by less favorable adjustments for U.S. residual support programs for leased vehicles; (4) increased wholesale volumes of $2.2 billion in GMSA driven by launches of the Chevrolet Cruze and Chevrolet Spark; (5) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales in GMNA; (6) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar in GMSA; (7) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities in GMNA; (8) favorable net foreign currency translation effect of $0.9 billion in GMIO; (9) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles in GMIO; (10) favorable net foreign currency remeasurement effect of $0.8 billion in GMNA; (11) derivative losses of $0.8 billion in 2009, that did not recur in 2010, primarily driven by the depreciation of the Korean Won against the U.S. Dollar in GMIO; (12) favorable vehicle mix of $0.5 billion in GME; (13) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva in GME; (14) favorable vehicle pricing effect of $0.3 billion primarily in Venezuela driven by the hyperinflationary economy in GMSA; (15) increased revenues from OnStar of $0.3 billion in GMNA; and (16) finance charge income of $0.3 billion due to the acquisition of AmeriCredit.

These increases in Total net sales and revenue were partially offset by: (1) devaluation of the BsF in Venezuela of $0.9 billion in GMSA; (2) unfavorable net foreign currency translation effect of $0.7 billion in GME; (3) unfavorable vehicle mix of $0.4 billion in GMSA; and (4) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

In the year ended December 31, 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) decreased revenue of $36.7 billion in GMNA related to volume reductions; (2) decrease in domestic wholesale volumes and lower exports of $9.1 billion in GMIO; (3) decreased domestic wholesale volumes of $4.8 billion in GME; (4) unfavorable foreign currency translation effect and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) decreased wholesale volumes of $2.2 billion in GMSA; (6) decreased revenue of $1.2 billion in GME related to Saab; (7) unfavorable net foreign currency effect of $1.0 billion in GMIO; (8) decreased powertrain and parts and accessories revenue of $0.8 billion in GME; and (9) decreased lease financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of

$1.3 billion in GME; (4) decreased derivative losses of $0.9 billion in GMIO; (5) favorable pricing of $0.4 billion in GMSA, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.3 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Automotive Cost of Sales

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotives sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive cost of sales	$118,792	87.9%	$56,381	98.3%	$55,814	119.3%	$149,257	101.0%
Automotive gross margin	$ 16,350	12.1%	$ 948	1.7%	$ (9,027)	(19.3)%	$ (1,525)	(1.0)%

GM

In the year ended December 31, 2010 Automotive cost of sales included: (1) restructuring charges of $0.8 billion in GME primarily for separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) foreign currency remeasurement losses of $0.5 billion in GMNA; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters in GMNA; (4) impairment charges related to product-specific tooling assets of $0.2 billion in GMNA; partially offset by (5) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization in GMNA; and (6) foreign currency transaction gains of $0.3 billion in GMSA.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan in GMNA; (2) foreign currency remeasurement losses of $1.3 billion in GMNA; partially offset by (3) favorable adjustments of $0.7 billion in GMNA, $0.5 billion in GME and $0.1 billion in GMIO due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) foreign currency transaction gains of $0.5 billion primarily in Corporate.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.1 billion in GMNA and $0.7 billion in GME; (2) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans in GMNA; (3) separation program charges and Canadian restructuring activities of $1.1 billion in GMNA; (4) charges of $0.8 billion primarily related to the deconsolidation of Saab; (5) foreign currency translation and remeasurement losses of $0.7 billion in GMNA; (6) impairment charges of $0.4 billion in GMNA and $0.2 billion in GME primarily for product-specific tooling; (7) foreign currency transaction losses of $0.5 billion in GMSA; (8) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives in GMNA; (9) a charge of $1.1 billion related to the Supplemental Unemployment Benefit (SUB) and the Transitional Support Program (TSP), partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program, Old GM's job security provision of the collective bargaining agreement with the UAW to continue paying idled employees certain wages and benefits in GMNA; and (10) charges of $0.3 billion related to obligations associated with various Delphi agreements in GMNA.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

In the year ended December 31, 2008 Automotive cost of sales included: (1) restructuring charges and other costs of $6.0 billion related to Old GM's special attrition programs in GMNA; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement in GMNA; (3) impairment charges of $0.5 billion in GME and $0.4 billion in GMNA primarily related to product-specific tooling; (4) commodity and foreign currency exchange derivative losses of $0.8 billion in GMNA; (5) charges of $0.3 billion

associated with the finalization of Old GM's negotiations with the CAW in GMNA; (6) restructuring charges of $0.3 billion related to separation programs announced in Belgium, France, Germany and the United Kingdom in GME; (7) foreign currency transaction losses of $0.3 billion in GMSA primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; partially offset by (8) net curtailment gain of $4.9 billion in GMNA related to the February 2008 Settlement Agreement for the UAW hourly medical plan; and (9) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar in GMNA.

Automotive Selling, General and Administrative Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive selling, general and administrative expense	$11,446	8.5%	$6,006	10.5%	$6,161	13.2%	$14,253	9.6%

GM

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products, including expenses in GMNA of $3.4 billion, in GME of $0.8 billion, in GMIO of $0.6 billion and in GMSA of $0.3 billion; (2) administrative expenses of $4.4 billion, including expenses in GMNA of $2.0 billion, in GMIO of $0.8 billion, in GME of $0.6 billion and in GMSA of $0.5 billion; and (3) selling and marketing expenses of $1.4 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.5 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products, including expenses in GMNA of $1.7 billion, in GME of $0.4 billion, in GMIO of $0.3 billion and in GMSA of $0.1 billion; (2) administrative expenses of $2.6 billion, including expenses in GMNA of $1.1 billion, in GMIO of $0.5 billion, in GME of $0.3 billion and in GMSA of $0.2 billion; and (3) selling and marketing expenses of $1.0 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.3 billion, in GMIO of $0.1 billion and in GMSA of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs in GMNA; and (2) a curtailment loss of $0.3 billion upon the interim remeasurement of the U.S. salary defined benefit pension plan as a result of global salary workforce reductions. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

In the year ended December 31, 2008 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $6.3 billion to support media campaigns for our products, including expenses in GMNA of $4.0 billion, in GME of $1.3 billion, in GMIO of $0.8 billion and in GMSA of $0.2 billion; (2) administrative expenses of $5.8 billion, including expenses in GMNA of $2.8 billion, in GMIO of $0.9 billion, in GME of $0.7 billion and in GMSA of $0.4 billion; and (3) selling and marketing expenses of $1.9 billion primarily to support our dealerships including expenses in GMNA of $0.9 billion, in GME of $0.7 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Other Automotive Expenses, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of total net sales and revenue
Other automotive expenses, net	$118	0.1%	$15	—%	$1,235	2.6%	$6,699	4.5%

GM

In the year ended December 31, 2010 Other automotive expenses, net included primarily depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; (3) interest expense related to our dealer financing program of $13 million; partially offset by (3) gains in GME for changes in liabilities related to Saab of $60 million; (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases; and (5) gain on sale of vehicles of $19 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion in GME, primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

In the year ended December 31, 2008 Other automotive expenses, net included: (1) charges related to the Delphi Benefit Guarantee Agreements of $4.8 billion; (2) depreciation expense of $0.7 billion related to the portfolio of automotive retail leases; (3) Goodwill impairment charges of $0.6 billion; (4) operating expenses of $0.4 billion related to the portfolio of automotive retail leases; and (5) interest expense of $0.1 billion.

Equity in Income (Loss) of and Disposition of Interest in Ally Financial

	Predecessor			
	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Equity in income (loss) of and disposition of interest in Ally Financial	$(1,097)	(2.3)%	$ 916	0.6%
Gain on conversion of UST Ally Financial Loan	2,477	5.3%	—	—%
Impairment charges related to Ally Financial Common Membership Interests	—	—%	(7,099)	(4.8)%
Total equity in income (loss) of and disposition of interest in Ally Financial	$ 1,380	2.9%	$(6,183)	(4.2)%

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in loss of and disposition of interest in Ally Financial included: (1) Gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

In the year ended December 31, 2008 Equity in loss of and disposition of interest in Ally Financial included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial Common Membership Interests; partially offset by (2) Old GM's proportionate share of Ally Financial's income from operations of $0.9 billion.

Automotive Interest Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive interest expenses	$(1,098)	0.8%	$(694)	1.2%	$(5,428)	11.6%	$(2,525)	1.7%

GM

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense of $0.4 billion on GMIO and GMSA debt; (2) interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes; and (3) interest expense of $0.3 billion on GMNA debt.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included interest expense of $0.3 billion on the UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive interest expense included: (1) amortization of discounts related to the UST Loan, EDC Loan, and DIP Facilities of $3.7 billion; and (2) interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO and GMSA debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

In the year ended December 31, 2008 Automotive interest expense included: (1) interest expense of $1.6 billion on Old GM's unsecured bonds; (2) interest expense of $0.4 billion Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure; and (3) interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan.

Interest Income and Other Non-Operating Income, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Interest income and other non-operating income, net	$1,555	1.1%	$440	0.8%	$852	1.8%	$424	0.3%

GM

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab of $0.1 billion; (6) gain on sale of Nexteer of $0.1 billion; (7) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the

acquisition of GM Strasbourg (GMS); (8) gain on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion in GMNA.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on foreign currency exchange derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) net rental and royalty income of $0.2 billion in GMNA; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income of $0.2 billion earned from investments; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) gains on foreign currency exchange derivatives of $0.1 billion; (4) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; (5) net rental income of $0.1 billion in GMNA; (6) royalty income of $0.1 billion in GMNA; and (7) Ally Financial exclusivity fee income of $0.1 billion in GMNA.

In the year ended December 31, 2008 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.7 billion; (2) rental income of $0.2 billion; (3) dividends and royalties of $0.2 billion; (4) Ally Financial exclusivity fee income of $0.1 billion in GMNA; partially offset by (5) impairment charge of $1.0 billion related to our investment in Ally Financial Preferred Membership Interests.

Gain (Loss) on Extinguishment of Debt

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) on extinguishment of debt	$196	$(101)	$(1,088)	$43

GM

In the year ended December 31, 2010 Gain (loss) on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

In the year ended December 31, 2008 Gain (loss) on extinguishment of debt included a gain of $43 million resulting from a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of Old GM's Series D debentures, which were retired and canceled.

Reorganization gains, net

	Predecessor
	January 1, 2009 Through July 9, 2009
Reorganization gains, net	$128,155

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income tax expense (benefit)	$672	$(1,000)	$(1,166)	$1,766

GM

In the year ended December 31, 2010 Income tax expense of $0.7 billion primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, $0.3 billion withholding taxes and taxable foreign exchange gain in Venezuela, partially offset by $0.3 billion settlement of uncertain tax positions and reversal of valuation allowances.

In the period July 10, 2009 through December 31, 2009 Income tax benefit of $1.0 billion primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit of $1.2 billion primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

In the year ended December 31, 2008 Income tax expense of $1.8 billion primarily resulted from the recording of valuation allowances of $1.9 billion against deferred tax assets in South Korea, the United Kingdom, Spain, Australia, Texas and various non-U.S. jurisdictions.

Equity Income, net of tax

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
China JVs	$1,297	1.0%	$460	0.8%	$ 300	0.6%	$ 315	0.2%
Other equity interests	$ 141	0.1%	$ 37	0.1%	$(239)	(0.5)%	$(129)	(0.1)%
Total equity income, net of tax	$1,438	1.1%	$497	0.9%	$ 61	0.1%	$ 186	0.1%

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 Equity income, net of tax included equity income of $1.3 billion related to our China JVs, primarily SGM and SGMW and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 equity income, net of tax included equity income of $0.5 billion related to our China JVs, primarily SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax included equity income of $0.3 billion related to our China JV's, primarily SGM and SGMW partially offset by equity losses of $0.2 billion primarily related to impairment charges at NUMMI and our proportionate share of losses at CAMI.

In the year ended December 31, 2008 Equity income, net of tax included equity income of $0.3 billion related to our China JVs, primarily SGM and SGMW partially offset by equity losses of $0.1 billion primarily related to our investments in NUMMI and CAMI.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor	
	December 31, 2010	December 31, 2009
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$138,898	$136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$138,898	$136,295

Automotive

Current Assets

At December 31, 2010 Marketable securities of $5.6 billion increased by $5.4 billion due to investments in securities with maturities exceeding 90 days reflecting our improved liquidity and cash position.

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $12.7 billion (or 91.1%) primarily due to: (1) UST escrow funds of $6.6 billion became unrestricted upon our repayment of the UST Loans and Canadian Loan; (2) release of $4.7 billion from our UST escrow funds to repay the UST Loans; and (3) release of $1.2 billion from our UST escrow funds for quarterly payments on the UST Loans and Canadian Loan.

At December 31, 2010 Accounts and notes receivable of $8.7 billion increased by $1.2 billion (or 15.7%) primarily due to higher sales volumes in all regions.

At December 31, 2010 Inventories of $12.1 billion increased by $2.0 billion (or 20.0%) primarily due to increased production resulting from higher demand for our products and new product launches.

At December 31, 2010 Assets held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010.

At December 31, 2010 Equipment on operating leases, net of $2.6 billion decreased by $0.2 billion (or 5.8%) due to: (1) a decrease of $0.3 billion due to the continued liquidation of our portfolio of automotive retail leases; (2) a decrease of $0.1 billion in GME due to overall volume decreases in Germany; partially offset by (3) an increase of $0.2 billion in GMNA, primarily related to vehicles leased to daily rental car companies (vehicles leased to U.S. daily rental car companies increased to 118,000 vehicles at December 31, 2010 from 97,000 vehicles at December 31, 2009).

Non-Current Assets

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $0.3 billion (or 22.1%) primarily due to a reduction in required cash collateral arrangements as a result of our improved credit conditions compared to December 31, 2009.

At December 31, 2010 Equity in net assets of nonconsolidated affiliates of $8.5 billion increased by $0.6 billion (or 7.5%) due to: (1) equity income of $1.4 billion in the year ended December 31, 2010, primarily related to our China JVs; (2) investment of $0.4 billion in SGMW; (3) investment of $0.2 billion in SAIC GM Investment Limited (HKJV); partially offset by (4) dividends received or declared of $1.2 billion, primarily related to our China JVs; (5) a decrease of $0.2 billion related to the sale of our 50% interest in a joint venture; and (6) a decrease of $0.1 billion related to the sale of a 1% ownership interest in SGM to SAIC.

At December 31, 2010 Property, net of $19.2 billion increased by $0.5 billion (or 2.9%) primarily due to: (1) capital expenditures, of $4.2 billion; (2) accruals and capital leases of $0.5 billion; partially offset by (2) depreciation of $3.8 billion; (3) decreases associated with disposals of businesses of $0.3 billion; and (4) unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Goodwill of $30.5 billion decreased by $0.2 billion (or 0.5%) primarily due to unfavorable foreign currency translation effect in GME resulting from the Euro weakening against the U.S. dollar.

At December 31, 2010 Intangible assets, net of $11.9 billion decreased by $2.7 billion (or 18.3%) primarily due to amortization of $2.6 billion and foreign currency translation of $0.1 billion.

At December 31, 2010 Deferred income taxes of $0.3 billion decreased by $0.3 billion (or 45.4%) primarily due to reclassifications of deferred tax assets and changes in the allocation of valuation allowances resulting from underlying changes in the timing of tax deductions.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 Assets held for sale were reduced to $0 from $0.5 billion at December 31, 2009 due to the sale of certain of our India operations (GM India) in February 2010. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 Other assets of $3.3 billion increased by $0.7 billion (or 25.3%) primarily due to: (1) increase of $0.3 billion in long-term notes receivable resulting primarily from the sale of GM India of $0.2 billion; (2) increase of $0.1 billion due to capitalization of debt issuance costs associated with the secured revolving credit facility; and (3) increase of $0.1 billion due to amounts paid into insurance funds for employees in early retirement programs.

Current Liabilities

At December 31, 2010 Accounts payable of $21.5 billion increased by $2.8 billion (or 14.8%) primarily due to higher payables for materials due to increased production volumes.

At December 31, 2010 Short-term debt and current portion of long-term debt of $1.6 billion decreased by $8.6 billion (or 84.2%) primarily due to: (1) repayment of the UST Loans and Canadian Loan of $7.0 billion; (2) repayment of the GM Daewoo credit facility of $1.2 billion; and (3) a net change in other obligations of $0.4 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010 to Spyker Cars NV.

At December 31, 2010 Accrued liabilities of $23.4 billion increased by $1.1 billion (or 5.1%) primarily due to: (1) increase in GMNA due to higher customer deposits related to the increased number of vehicles leased to daily rental car companies of $0.5 billion; (2) increase due to tax related accruals reclassified from non-current to current of $0.3 billion; and (3) other miscellaneous accruals of $0.3 billion.

Non-Current Liabilities

At December 31, 2010 Long-term debt of $3.0 billion decreased by $2.5 billion (or 45.8%), primarily due to the repayment in full of the VEBA Notes composed of the outstanding amount (together with accreted interest thereon) of $2.8 billion and resulting gain of $0.2 billion, partially offset by additional net borrowings of $0.4 billion and unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.3 billion at December 31, 2009 due to the sale of GM India in February 2010. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 our Postretirement benefits other than pensions liability of $9.3 billion increased by $0.6 billion (or 6.7%) primarily due to year-end remeasurement effects of $0.4 billion driven by discount rate reductions in the valuation assumptions and unfavorable foreign currency translation effect of $0.2 billion due to the strengthening of the Canadian dollar against the U.S dollar.

At December 31, 2010 our Pensions liability of $21.9 billion decreased by $5.2 billion (or 19.2%) primarily due to net contributions and benefit payments of $4.9 billion and favorable foreign currency translation effect of $0.3 billion. Gains from asset returns greater than expected were primarily offset by actuarial losses from discount rate decreases.

At December 31, 2010 Other liabilities and deferred income taxes of $13.0 billion decreased by $0.3 billion (or 1.9%) primarily due to: (1) decrease in plant closing liability in GMNA due to payments made in 2010 and employee related adjustments of $0.4 billion; (2) decrease due to tax related accruals classified to current of $0.3 billion; partially offset by (3) increase in deferred taxes of $0.4 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Financing

Total GM Financial Assets

At December 31, 2010 Total GM Financial Assets of $10.9 billion was primarily composed of net automotive finance receivables of $8.2 billion, Goodwill of $1.3 billion related to the acquisition of AmeriCredit, including amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis and restricted cash of $1.1 billion associated with GM Financial's credit facilities and securitization notes payable.

Total GM Financial Liabilities

At December 31, 2010 Total GM Financial Liabilities of $7.4 billion was primarily composed of securitization notes payable of $6.1 billion issued in the asset backed securities market and advances on credit facilities of $0.8 billion.

GM North America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$83,035	$32,426	$ 24,191	$ 86,187
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$(11,092)	$(12,203)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)	Year Ended December 31, 2008 (a)
Production volume			
Cars	977	727	1,543
Trucks	1,832	1,186	1,906
Total	2,809	1,913	3,449

(a) Production volume includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
Total U.S.	2,215	18.8%	2,084	19.7%	2,981	22.1%
U.S. — Cars	807	14.3%	874	16.3%	1,257	18.6%
U.S. — Trucks	1,408	23.0%	1,210	23.1%	1,723	25.5%
Canada	247	15.6%	254	17.1%	359	21.4%
Mexico	156	18.3%	138	17.9%	212	19.8%

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at time of delivery to the daily rental car companies.

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
GMNA vehicle sales by brand (a)(b)(c)(d)(e)			
Buick	168	111	154
Cadillac	156	115	170
Chevrolet	1,866	1,601	2,158
GMC	411	317	438
Other — Opel	1	1	2
Total core brands	2,602	2,145	2,922
HUMMER	4	11	30
Pontiac	12	238	383
Saab	1	10	23
Saturn	7	81	207
Total other brands	24	339	643
GMNA total	2,625	2,484	3,565

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMNA Total Net Sales and Revenue (Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$83,035	$56,617	$32,426	$24,191	$86,187	$26,418	46.7%	$(29,570)	(34.3)%

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) primarily due to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement effect of $0.8 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion primarily due to increased volumes.

In the year ended December 31, 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to: (1) decreased revenue of $36.7 billion related to volume reductions; partially offset by (2) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (3) favorable vehicle mix of $2.8 billion. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates and a recession in North America, Old GM's well publicized liquidity issues and Chapter 11 Proceedings; partially offset by improved vehicle sales related to the CARS program and an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program.

GMNA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$5,748	$(4,820)	$(11,092)	$(12,203)

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate (SAAR)) and market share. While not as significant as industry volume and market share, another factor affecting GMNA profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Contribution margin is a key indicator of product profitability. Contribution margin is defined as revenue less material cost, freight, and policy and warranty expense. Vehicles with higher selling prices generally have higher contribution margins. Trucks currently have a contribution margin of approximately 140% of our portfolio on a weighted-average basis. Crossover vehicles' contribution margins are in line with the overall portfolio on a weighted-average basis, and cars are approximately 60% of the portfolio on a weighted-average basis. As such, a sudden shift in consumer preference from trucks to cars would have an unfavorable effect on GMNA's EBIT and breakeven point. For example, a shift in demand such that industry market share for trucks deteriorated 10 percentage points and industry market share for cars increased by 10 percentage points, holding other variables constant, would have increased GMNA's breakeven point for the year ended December 31, 2010, as measured in terms of GMNA factory unit sales, by 200,000 vehicles. For the year ended December 31, 2010 our U.S. car market share was 14.3% and our U.S. truck market share was 23.0%. We continue to strive to achieve a product portfolio with more balanced contribution margins and less susceptibility to shifts in consumer demand.

GM

In the year ended December 31, 2010 EBIT was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to product-specific tooling assets of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $4.8 billion and included: (1) settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency remeasurement losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar; (3) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion recorded by Old GM prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion driven by the general strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a charge of $1.1 billion related to the SUB and TSP, partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program; (8) charges of $0.4 billion primarily for impairments for special-tooling and product related machinery and equipment; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges at NUMMI and our proportionate share of losses at CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

In the year ended December 31, 2008 EBIT was a loss of $12.2 billion and included: (1) charges of $6.0 billion related to restructuring and other costs associated with Old GM's special attrition programs; (2) advertising and sales promotion expenses of $4.0 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.8 billion; (4) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (5) selling and marketing expenses of $0.9 billion related to our dealerships; (6) losses of $0.8 billion related to commodity and foreign currency exchange derivatives; (7) impairment charges related to product-specific tooling assets of $0.4 billion; and (8) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW partially offset by (9) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; and (10) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar.

GM Europe
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$24,076	$11,479	$12,552	$34,647
Loss attributable to stockholders before interest and income taxes	$(1,764)	$ (814)	$(2,815)	$(2,625)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	1,234	1,106	1,495

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
Germany	269	8.4%	382	9.4%	300	8.8%
United Kingdom	290	12.7%	287	12.9%	384	15.4%
Italy	170	7.9%	189	8.0%	202	8.3%
Russia	159	8.0%	142	9.4%	338	11.2%
Uzbekistan	145	97.1%	103	95.8%	20	18.8%
France	123	4.6%	119	4.4%	114	4.4%
Spain	100	8.9%	94	8.7%	107	7.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GME Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
						Amount	%	Amount	%
Total net sales and revenue	$24,076	$24,031	$11,479	$12,552	$34,647	$45	0.2%	$(10,616)	(30.6)%

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) primarily due to: (1) increased wholesale volumes of $0.5 billion representing 38,000 vehicles (or 3.1%) primarily due to 31,000 Buick Regals exported to the U.S., and increases in Turkey by 17,000 vehicles (or 68.9%), in Russia by 14,000 vehicles (or 48.9%), in the United Kingdom by 13,000 vehicles (or 5.0%), in the Netherlands by 12,000 vehicles (or 37.8%), in Portugal by 11,000 vehicles (or 103.0%), in Italy by 11,000 (or 9.0%), partially offset by a decrease in Germany of 113,000 vehicles (or 33.0%) driven by the end of the government subsidies program. The net wholesale volume increase was offset by a decrease in wholesale volumes throughout the region of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion primarily due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, primarily due to the weakening of the Euro and British Pound against the U.S. Dollar; and (5) lower volumes of rental car activity and subsequent repurchases sold at auction of $0.2 billion.

In the year ended December 31, 2009 Total net sales and revenue decreased by $10.6 billion (or 30.6%) primarily due to: (1) decreased wholesale volumes of $4.8 billion representing 405,000 vehicles (or 24.8%) primarily due to decreases in the United Kingdom by 99,000 vehicles (or 26.7%), in Russia by 69,000 vehicles (or 70.2%), in Italy by 25,000 vehicles (or 16.8%), and exports to the U.S. by 33,000 vehicles (or 94.4%), partially offset by an increase in Germany by 65,000 vehicles (or 23.4%) driven by the government subsidy program. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates, a recession in many international markets, Old GM's well publicized liquidity issues and Chapter 11 Proceedings and the announcement that Old GM was seeking a majority investor in Adam Opel; (2) unfavorable net foreign currency translation and transaction effect of $3.7 billion driven primarily by the strengthening of the U.S. Dollar against the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) decreased powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing effect of $1.3 billion.

GME Loss Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Loss attributable to stockholders before interest and income taxes	$(1,764)	$(814)	$(2,815)	$(2,625)

GM

In the year ended December 31, 2010 EBIT was a loss of $1.8 billion and included: (1) restructuring charges of $0.8 billion primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion primarily related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $2.8 billion and included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; (3) impairment charges of $0.2 billion related to product-specific tooling assets; and (4) operating losses of $0.2 billion related to Saab.

In the year ended December 31, 2008 EBIT was a loss of $2.6 billion and included: (1) advertising and sales promotion expenses of $1.3 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.7 billion; (3) selling and marketing expenses of $0.7 billion related to our dealerships; (4) special tooling and product related machinery and equipment asset impairment charges of $0.5 billion; (5) goodwill impairment charges of $0.5 billion; and (6) restructuring charges of $0.3 billion primarily related to separation programs announced in Belgium, France, Germany and the United Kingdom.

GM International Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$21,470	$8,567	$6,218	$24,050
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume			
Consolidated entities	1,016	752	1,153
Joint ventures			
SGMW (a)	1,256	1,109	646
SGM	1,037	712	439
FAW-GM (a)	86	43	—
Other	350	61	97
Total production volume	3,745	2,677	2,335

(a) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)(f)						
Total GMIO	3,077	8.8%	2,453	8.7%	1,832	7.4%
Vehicle sales– consolidated entities						
Australia	133	12.8%	121	12.9%	133	13.1%
Middle East Operations	123	10.7%	117	11.1%	144	9.3%
South Korea	127	8.1%	115	7.9%	117	9.7%
Egypt	68	27.2%	52	25.5%	60	23.1%
Vehicle sales–primarily joint ventures (f)						
China (g)(h)	2,352	12.8%	1,826	13.3%	1,095	12.1%
India	110	3.7%	69	3.1%	66	3.3%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Includes HUMMER vehicle sales data.

(c) Vehicle sales data may include rounding differences.

(d) Our vehicle sales include Saab data through February 2010.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(f) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(g) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(h) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GMIO Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$21,470	$14,785	$8,567	$6,218	$24,050	$6,685	45.2%	$(9,265)	38.5%

In the year ended December 31, 2010 Total net sales and revenue increased by $6.7 billion (or 45.2%) primarily due to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) primarily in the Middle East by 35,000 vehicles (or 28.2%) and in GM Daewoo by 100,000 vehicles (or 21.1%). The primary driver for the increase in wholesale volumes was the global economic recovery, together with the effect of launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $0.9 billion, primarily due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) favorable vehicle pricing effect of $0.1 billion, primarily due to higher pricing on new model launches at GM Daewoo; and (5) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, primarily driven by the weakening of the Korean Won against the U.S. Dollar in that period. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

In the year ended December 31, 2009 Total net sales and revenue decreased by $9.3 billion (or 38.5%) primarily due to: (1) decreased wholesale volumes and lower exports of $9.1 billion representing 460,000 vehicles (or 31.6%) primarily in GM Daewoo by 247,000 vehicles (or 34.2%), in the Middle East by 103,000 vehicles (or 45.4%), in Australia by 59,000 vehicles (or 32.6%) and in Thailand by 53,000 vehicles (or 69.7%). The decrease in wholesale volumes was primarily due to tight credit markets, increased unemployment rates and Old GM's well publicized liquidity issues and Chapter 11 Proceedings. These unfavorable trends were partially offset by many countries lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales volumes; (2) unfavorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of the U.S. Dollar against the Korean Won and Australian Dollar in 2009, partially offset by (3) decreased derivative losses of $0.9 billion at GM Daewoo; and (4) favorable vehicle mix of $0.3 billion driven by launches of new vehicle models at GM Daewoo.

The vehicle sales related to our China and India (GM India was deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax.

GMIO Earnings Before Interest and Income Taxes (Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$2,262	$789	$(486)	$(555)

GM

In the year ended December 31, 2010 EBIT was $2.3 billion and included: (1) Equity income, net of tax, of $1.3 billion from the operating results of our China JVs; (2) favorable change in fair value of $0.1 billion from derivatives driven by the stronger Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion primarily to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of GM Daewoo and General Motors Egypt (GM Egypt) of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion related to labor costs in the selling department across GMIO and also costs incurred in the establishment of the Korean direct dealership network.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.8 billion and included: (1) favorable depreciation of fixed assets of $0.3 billion resulting from lower balances; and (2) favorable adjustments of $0.1 billion in Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods

inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort; partially offset by (3) administrative expenses of $0.5 billion; (4) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; (5) selling and marketing expenses of $0.1 billion; and (6) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Daewoo; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.3 billion primarily from the operating results of our China JVs; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

In the year ended December 31, 2008 EBIT was a loss of $0.6 billion and included: (1) derivative losses of $1.7 billion at GM Daewoo; (2) administrative expenses of $0.9 billion; (3) advertising and sales promotion expenses of $0.8 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.4 billion primarily from the operating results of our China JVs; (5) selling and marketing expenses of $0.2 billion; and (6) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

GM South America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$15,379	$7,399	$5,736	$14,522
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	926	807	865

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)						
Total GMSA	1,026	19.9%	872	20.0%	920	20.7%
Brazil	658	18.7%	596	19.0%	549	19.5%
Argentina	109	16.3%	79	15.2%	95	15.5%
Colombia	85	33.6%	67	36.1%	80	36.3%
Ecuador	53	40.8%	40	43.3%	48	42.2%
Venezuela	51	40.6%	49	36.1%	90	33.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Vehicle sales data may include rounding differences.

(c) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMSA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended 2010 vs. 2009 Change Amount	%	Year Ended 2009 vs. 2008 Change Amount	%
Total net sales and revenue	$15,379	$13,135	$7,399	$5,736	$14,522	$2,244	17.1%	$(1,387)	(9.6)%

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) primarily due to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) primarily in Brazil by 72,000 vehicles or (11.7%), in Argentina by 32,000 vehicles (or 41.4%) and in Colombia by 21,000 vehicles (or 32.9%) driven by launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar such as the Brazilian Real and Colombian Peso; (3) favorable vehicle pricing effect of $0.3 billion, primarily in Venezuela driven by the hyperinflationary economy; partially offset by (4) devaluation of the BsF in Venezuela of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion driven by increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

In the year ended December 31, 2009 Total net sales and revenue decreased by $1.4 billion (or 9.6%) due to: (1) decreased wholesale volumes of $2.2 billion representing 30,000 vehicles (or 3.3%) primarily in Venezuela by 37,000 vehicles (or 44.1%), in Argentina by 19,000 vehicles (or 19.8%) and in Colombia by 13,000 vehicles (or 16.6%); partially offset by (2) favorable pricing effect of $0.4 billion primarily due to price increases in Venezuela driven by the hyperinflationary economy; and (3) increased wholesale volumes in Brazil of $0.2 billion representing 56,000 vehicles (or 10.0%).

GMSA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$818	$417	$(454)	$1,076

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 EBIT was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion primarily due to foreign currency exchanges done at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

In the year ended December 31, 2008 EBIT was $1.1 billion and included: (1) administrative expenses of $0.4 billion; (2) foreign currency transaction losses of $0.3 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (3) advertising and sales promotion expenses of $0.2 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

Three Months Ended December 31, 2010

	Successor
	Three Months Ended December 31, 2010
Total revenue	$281
Income before income taxes	$129

In the three months ended December 31, 2010 Total revenue included finance charge income of $264 million and other income of $17 million. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010. The effective yield represents finance charges and fees recorded in earnings and the accretion of the purchase accounting premium during the period as a percentage of average finance receivable.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average finance receivables (dollars in millions):

	Successor	
	Three Months Ended December 31, 2010	
Finance charge income	$264	12.1%
Other income	17	0.8%
Interest expense	(37)	(1.7)%
Net GM Financial margin	$244	11.2%

Income Before Income Taxes

In the three months ended December 31, 2010 results included: (1) Total revenue of $281 million; partially offset by (2) operating and leased vehicle expenses of $73 million; (3) interest expense of $37 million; (4) provision for loan losses of $26 million; and (5) acquisition expenses of $16 million. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, other unsecured debt and the amortization of the purchase accounting premium.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 134	$141	$ 327	$ 1,206
Net income (loss) attributable to stockholders	$(877)	$176	$123,902	$(16,677)

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$134	$468	$141	$327	$1,206	$(334)	(71.4)%	$(738)	(61.2)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) primarily due to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

In the year ended December 31, 2009 Total net sales and revenue decreased by $0.7 billion (or 61.2%) primarily due to decreased lease financing revenue of $0.7 billion related to the liquidation of the portfolio of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the years ended December 31, 2009 and 2008.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Corporate Net Income (Loss) Attributable to Stockholders (Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net income (loss) attributable to stockholders	$(877)	$176	$123,902	$(16,677)

GM

In the year ended December 31, 2010 results included: (1) Interest expense of $1.1 billion comprised of interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes, interest expense of $0.3 billion on GMNA debt, and interest expense of $0.4 billion on GMIO and GMSA debt; (2) income tax expense of $0.6 billion primarily related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion primarily related to consultants and services provided by outside companies; partially offset by (4) interest income of $0.4 billion earned primarily on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the appreciation of the Canadian Dollar versus the U.S. Dollar; and (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements; (2) amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion; (3) a gain recorded on the UST Ally Financial Loan of $2.5 billion upon the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests in Ally Financial, which gain resulted from the difference between the fair value and the carrying amount of the Ally Financial equity interests given to the UST in exchange for the UST Ally Financial Loan. The gain was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; (4) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; partially offset by (5) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Facility; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

In the year ended December 31, 2008 results included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial's Common Membership Interests; (2) charges of $4.8 billion related to the Delphi Benefit Guarantee Agreements; (3) interest expense of $2.5 billion primarily composed of interest expense of $1.6 billion on Old GM's unsecured bonds, interest expense of $0.4 billion on Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure and interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan; (4) income tax expense of $1.8 billion related to valuation allowances against deferred tax assets in South Korea, the United Kingdom, Spain, and Australia; (5) impairment charges of $1.0 billion related to Old GM's investment in Ally Financial's Preferred Membership Interests; (6) servicing fees, interest, and depreciation expenses of $1.0 billion on the portfolio of automotive retail leases; partially offset by (7) global interest income of $0.6 billion driven primarily by investments in GMSA and GME.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward, which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) pension and OPEB payments; (2) continuing capital expenditures; (3) spending to implement long-term cost savings and restructuring plans such as restructuring our Opel/Vauxhall operations and potential capacity reduction programs; (4) reducing our overall debt levels; (5) increase in accounts receivable due to the termination of a wholesale advance agreement with Ally Financial; and (6) certain South American income and indirect tax-related administrative and legal proceedings may require that we deposit funds in escrow or make payments which may range from $0.8 billion to $1.0 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled “Risk Factors,” some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Recent Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position including actively evaluating the possible sale of non-core cost or equity method investments or other positions which could be significantly positive to our cash flow and/or earnings in the near-term.

In the year ended December 31, 2010 we made net investments of $5.4 billion in highly liquid marketable securities instruments with maturities exceeding 90 days. Previously, these funds would have been invested in short-term instruments less than 90 days and classified as a component of Cash and cash equivalents. Investments in these longer-term securities will increase the interest we earn on these investments. We continue to monitor our investment mix and may reallocate investments based on business requirements.

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result we have decided to fund the requirements of Opel/Vauxhall internally. Opel/Vauxhall subsequently withdrew all applications for government loan guarantees from European governments. Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall’s restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

In October 2010 we completed our acquisition of AmeriCredit for cash of approximately $3.5 billion and changed the name from AmeriCredit to GM Financial. We funded the transaction using cash on hand.

The repayment of debt remains a key strategic initiative. We continue to evaluate potential debt repayments prior to maturity. Any such repayments may negatively affect our liquidity in the short-term. In 2010 GM Daewoo repaid in full and retired its $1.2 billion revolving credit facility. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion. In July 2010 our Russian subsidiary repaid a loan facility of $150 million to cure a technical default. In March and April 2010 we repaid the remaining amounts owed under the UST Loans of $5.7 billion and Canadian Loan of $1.3 billion.

As described more fully below in the section entitled “Secured Revolving Credit Facility” in October 2010 we entered into a $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility are needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility.

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. We received net proceeds from the Series B Preferred Stock offering of $4.9 billion. Refer to the section below entitled “Series B Preferred Stock Issuance” for additional detail.

In December 2010 we purchased 84 million shares of our Series A Preferred Stock, which accrued cumulative dividends at a 9.0% annual rate, from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount pursuant to an agreement that we entered into with the UST in October 2010. We purchased the Series A Preferred Stock from the UST on the first dividend payment date for the Series A Preferred Stock after the completion of our common stock offering, December 15, 2010.

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion of cash in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada. The wholesale advance agreements cover the period for which vehicles are in transit between assembly plants and dealerships. We will no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered, resulting in an average increase of approximately $2.0 billion to our accounts receivable balance, depending on sales volumes and certain other factors, and the related costs under the arrangements were eliminated.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to minimize our outstanding debt.

Automotive

Available Liquidity

Available liquidity includes cash balances and marketable securities. At December 31, 2010 available liquidity was $26.6 billion, not including funds available under credit facilities of $5.9 billion or in the Canadian HCT escrow account of $1.0 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity using U.S. cash investments, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$21,061	$22,679
Marketable securities	5,555	134
Available liquidity	26,616	22,813
Available under credit facilities	5,919	618
Total available liquidity	32,535	23,431
UST and HCT escrow accounts (a)	1,008	13,430
Total liquidity including UST and HCT escrow accounts	$33,543	$36,861

(a) Classified as Restricted cash and marketable securities. Refer to Note 15 to our consolidated financial statements for additional information on the classification of the escrow accounts. The remaining funds held in the UST escrow account were released in April 2010 following the repayment of the UST Loans and Canadian Loan.

GM

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 primarily due to positive cash flows from operating activities of $6.6 billion, investing activities less net marketable securities acquisitions of $6.1 billion and a $5.3 billion increase in amounts available under credit facilities, which were partially offset by negative cash flows from financing activities of $9.3 billion.

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.6 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

VEBA Assets

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 UAW Retiree Settlement Agreement. The VEBA assets were not consolidated after the settlement was recorded at December 31, 2009 because we did not hold a controlling financial interest in the entity that held such assets at that date. Under the terms of the 2009 UAW Retiree Settlement Agreement we had an obligation for VEBA Notes of $2.5 billion and accreted interest, at an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Under the terms of the 2009 UAW Retiree Settlement Agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 UAW Retiree Settlement Agreement.

Series B Preferred Stock Issuance

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The applicable market value of our common stock means the average of the closing prices per share of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. The conversion ratios for optional and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. We received net proceeds from the issuances of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and made a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

UST Loans and Canadian Loan

UST Loans

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. Proceeds of the UST Credit Agreement of $16.4 billion were deposited in escrow to be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed an amendment to the UST Credit Agreement to provide for quarterly repayments of our UST Loans. Under this amendment, we agreed to make quarterly payments of $1.0 billion to the UST. In December 2009 and March 2010 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion. The UST Loans were repaid prior to maturity. Amounts borrowed under the UST Credit Agreement may not be reborrowed.

At December 31, 2009 $12.5 billion of the proceeds of the UST Credit Agreement remained deposited in escrow. Any unused amounts in escrow on June 30, 2010 were required to be used to repay the UST Loans and Canadian Loan on a pro rata basis if the loans were not paid in full. At December 31, 2009 the UST Loans and Canadian Loan were classified as short-term debt based on these terms.

Following the repayment of the UST Loans and the Canadian Loan, the remaining funds that were held in escrow became unrestricted and the availability of those funds is no longer subject to the conditions set forth in the UST Credit Agreement.

The UST Loans accrued interest equal to the greater of the three month London Interbank Offering Rates (LIBOR) rate or 2.0%, plus 5.0%, per annum, unless the UST determined that reasonable means did not exist to ascertain the LIBOR rate or that the LIBOR rate would not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate would have been the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We were required to prepay the UST Loans on a pro rata basis (among the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. At December 31, 2009 the UST Loans accrued interest at 7.0%.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), including the Interim Final Rule implementing Section 111 (Interim Final Rule), will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is

consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Refer to Note 19 to our consolidated financial statements for additional details on the UST Loans.

Canadian Loan

On July 10, 2009, through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In November 2009 we signed an amendment to the Canadian Loan Agreement to provide for quarterly repayments of the Canadian Loan. Under this amendment, we agreed to make quarterly repayments of $192 million to EDC. In December 2009 and March 2010 we made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. The Canadian Loan was repaid prior to maturity. GMCL cannot reborrow under the Canadian Loan Agreement. The Canadian Loan accrued interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest was payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement (NAFTA) region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 19 to our consolidated financial statements for additional details on the Canadian Loan.

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the year ended December 31, 2010 (dollars in millions):

	Successor		
	January 1, 2010 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2010 Total Obligation
Description of Funding Commitment			
UST Loan	$5,712	$(5,712)	$—
Canadian Loan	1,233	(1,233)	—
Total	$6,945	$(6,945)	$—

(a) Includes an increase due to a foreign currency exchange loss on the Canadian loan of $56 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
	July 10, 2009 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2009 Total Obligation
Description of Funding Commitment			
UST Loan (b)	$7,073	$(1,361)	$5,712
Canadian Loan	1,292	(59)	1,233
Total	$8,365	$(1,420)	$6,945

(a) Includes an increase due to a foreign currency exchange loss on the Canadian Loan of $133 million.

(b) Includes $361 million which the UST loaned to Old GM under the warranty program and which was assumed by GM and repaid on July 10, 2009.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	December 31, 2008 Through July 9, 2009		
	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
Description of Funding Commitment			
UST Funding			
UST Loan Agreement	$19,761	$1,172	$20,933
DIP Facility — UST (b)	30,100	2,008	32,108
Total UST Funding (c)	49,861	3,180	53,041
EDC Funding			
EDC funding (d)	6,294	161	6,455
DIP Facility — EDC	3,200	213	3,413
Total EDC Funding	9,494	374	9,868
Total UST and EDC Funding	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also does not include amounts advanced under the UST GMAC Loan as the UST exercised its option to convert this loan into GMAC Preferred Membership Interests previously held by Old GM in May 2009.

(d) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the effect of the 363 Sale on the amounts owed to the UST and the EDC under the UST Loan Agreement, the DIP Facility and the EDC Loan Facility (dollars in millions):

	363 Sale		
	Total Obligation	Effect of 363 Sale	GM Obligation Subsequent to 363 Sale
Description of Funding Commitment			
Total UST Funding	$53,041	$(45,968)	$7,073
Total EDC Funding	9,868	(8,576)	1,292
Total UST and EDC Funding	$62,909	$(54,544)	$8,365

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo. If the secured revolving credit facility is rated investment grade by two or more of the credit rating agencies (S&P, Moody's and Fitch) the requirement to provide collateral is eliminated.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employment Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for facilities of this nature.

Credit Facilities

We make use of credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. These credit facilities are typically held at the subsidiary level and are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities at the dates indicated (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Committed	$6,142	$1,712	$5,475	$223
Uncommitted	490	842	444	395
Total	$6,632	$2,554	$5,919	$618

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
Credit Facilities	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Secured Revolving Credit Facility	$ 5,000	$ —	$ 5,000	$ —
GM Daewoo	—	1,179	—	—
Brazil	466	425	2	77
GM Hong Kong	400	200	370	200
Other(a)	766	750	547	341
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

(a) Consists of credit facilities available primarily at our foreign subsidiaries that are not individually significant.

At December 31, 2010 we had committed credit facilities of $6.1 billion, under which we had borrowed $667 million leaving $5.5 billion available. The secured revolving credit facility comprised $5.0 billion of the amounts available under committed credit

facilities and other committed credit facilities had $475 million available. At December 31, 2010 we had uncommitted credit facilities of $490 million, under which we had borrowed $46 million leaving $444 million available. Uncommitted credit facilities include lines of credit which are available to us, but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

In 2010 GM Daewoo repaid in full and retired its Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility.

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo comprised $1.2 billion and other entities had $0.5 billion. At December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available.

At December 31, 2009 our largest credit facility was GM Daewoo's Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

Restricted Cash and Marketable Securities

Following the repayment of the UST Loans and the Canadian Loan in April 2010 as previously discussed, the remaining UST escrow funds of $6.6 billion were released from escrow and became unrestricted as the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Pursuant to an agreement among GMCL, EDC and an escrow agent we had $1.0 billion remaining in an escrow account at December 31, 2010 to fund certain of GMCL's healthcare obligations pending the satisfaction of certain preconditions which have not yet been met.

In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion primarily due to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion primarily related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion primarily related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion primarily due to: (1) favorable managed working capital of $5.7 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion primarily due to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended December 31, 2008 Old GM had negative cash flows from operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion primarily due to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion primarily related to withdrawals from the UST Credit Agreement escrow account; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion primarily due to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion primarily due to: (1) increase in Restricted cash and marketable securities of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended December 31, 2008 Old GM had negative cash flows from investing activities of $1.8 billion primarily related to: (1) capital expenditures of $7.5 billion; (2) an increase in notes receivable of $0.4 billion; partially offset by (3) liquidations of operating leases of $3.6 billion; (4) net liquidations of marketable securities in an amount of $2.1 billion; (5) proceeds for the sale of real estate, plants and equipment of $0.3 billion; and (6) proceeds from the sale of business units and equity investments of $0.2 billion.

Financing Activities

GM

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion primarily due to: (1) repayments on the UST Loans and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Daewoo's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the Receivables Program of $0.2 billion; (7) debt issuance fees of $0.2 billion primarily related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Loans of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the German Facility of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST Ally Financial Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended December 31, 2008 Old GM had positive cash flows from financing activities of $3.8 billion primarily related to: (1) borrowings on debt facilities of $5.9 billion; (2) borrowing on the UST Loan Facility of $4.0 billion; partially offset by (3) a net decrease in short-term debt of $4.1 billion; (4) debt repayments of $1.7 billion; and (5) dividend payments on Old GM common stock of $0.3 billion.

Net Liquid Assets

Management believes the use of net liquid assets provides meaningful supplemental information regarding our liquidity. We believe net liquid assets is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision making to assist in identifying resources available to meet cash requirements. Our calculation of net liquid assets may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of net liquid assets has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Cash and cash equivalents and Debt. Due to these limitations, net liquid assets is used as a supplement to U.S. GAAP measures.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net liquid assets balances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$21,061	$ 22,679
Marketable securities	5,555	134
UST Credit Agreement escrow and HCT escrow	1,008	13,430
Total liquid assets	27,624	36,243
Short-term debt and current portion of long-term debt	(1,616)	(10,221)
Long-term debt	(3,014)	(5,562)
Net liquid assets	$22,994	$ 20,460

Total liquid assets of $27.6 billion exceeded our debt balances by $23.0 billion at December 31, 2010. The net liquid asset balance of $23.0 billion at December 31, 2010 represented an increase of $2.5 billion compared to a net liquid assets balance of $20.5 billion at December 31, 2009. The change was due to an increase of $5.4 billion in Marketable securities and a decrease of $11.2 billion in Short-term and Long-term debt, partially offset by a reduction of $12.4 billion in the UST Credit Agreement and the HCT escrow balances and a reduction of $1.6 billion in Cash and cash equivalents. The decrease in Short-term and Long-term debt primarily related to: (1) repayment in full of the UST Loans of $5.7 billion; (2) repayment in full of the VEBA Notes (together with accrued interest thereon)of $2.8 billion; (3) repayment in full of the Canadian Loan of $1.3 billion; (4) repayment in full of the GM Daewoo revolving credit facility of $1.2 billion; and (5) repayment in full of the loans related to the Receivables Program of $0.2 billion.

Other Liquidity Issues

Receivables Program

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM and Chrysler LLC. The Receivables Program was to be funded by a loan facility of up to $2.5 billion provided by the UST and by capital contributions from us up to $125 million. In connection with the 363 Sale, we assumed the obligation of the Receivables Program. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

Loan Commitments

We have extended loan commitments to affiliated companies and critical business partners. These commitments can be triggered under certain conditions and expire in the years ranging from 2011 to 2014. At December 31, 2010 we had a total commitment of $600 million outstanding with no amounts loaned.

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch Ratings (Fitch), Moody's Investor Service (Moody's), and Standard & Poor's (S&P). The ratings indicate the agencies' assessment of a company's creditworthiness such as its ability to timely pay principal and interest on debt securities, dividends on preferred securities and other contractual obligations. Lower credit ratings generally represent higher borrowing costs and reduced access to capital markets for a company. The agencies consider a number of business and financial factors when determining ratings including, but not limited to, our competitive position, sustainability of our profits and cash flows, our balance sheet and liquidity profile and our ability to meet obligations under adverse economic scenarios.

DBRS, Moody's, Fitch, and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2011:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB	BBB (low)	N/A	Stable
Fitch	BB-	BB+	N/A	Stable
Moody's	Ba2	Baa3	N/A	Stable
S&P	BB-	BB+	N/A	Positive

Rating actions taken by each of the credit rating agencies from October 6, 2010 through February 15, 2011 were as follows:

DBRS: October 2010 — Assigned an initial Corporate rating of BB and a rating of BBB (low) to our secured revolving credit facility.

Fitch: October 2010 — Assigned an initial Corporate rating of BB- (affirmed in November 2010) and a rating of BB+ to our secured revolving credit facility.

Moody's: October 2010 — Assigned an initial Corporate rating of Ba2 and assigned a rating of Baa3 to our secured revolving credit facility.

S&P: October 2010 — Assigned an initial Corporate rating of BB- and a rating of BB+ to our secured revolving credit facility. February 2011 — Outlook revised to positive from stable.

The initial ratings assigned by the agencies are an important step towards our objective to attain an investment grade credit rating over the long-term by maintaining a strong balance sheet and reducing financial leverage.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. As a practical matter, our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions and collections, recoveries on finance receivables and net proceeds from senior notes and convertible senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities, repurchases of unsecured debt and operating expenses.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. Generally, these purchases are funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor
	December 31, 2010
Cash and cash equivalents	$195
Borrowing capacity on unpledged eligible receivables	272
Total liquidity	$467

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy. The following table summarizes credit facilities at December 31, 2010 (dollars in millions):

	Successor	
	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$1,300	$278
Medium-term note facility (b)		490
Bank funding facilities (c)		64
Total		$832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(c) The revolving period under this facility has ended and the outstanding debt balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ 7,099
Impairment charges related to investment in Ally Financial common stock	—	270	—	—
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	1,001
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	—	(4,901)
Net contingent Adjustment Shares issuable to MLC	(162)	162	—	—
Salaried post-65 healthcare settlement	—	—	—	1,704
Impairment charges related to equipment on operating leases	49	18	63	759
Impairment charges related to long-lived assets	240	2	566	1,010
Impairment charges related to investments in equity and cost method investments	—	4	28	119
Other than temporary impairments charges related to debt and equity securities	—	—	11	62
Impairment charges related to goodwill	—	—	—	610
Gain on the acquisition of GMS	(66)	—	—	—
UAW OPEB healthcare settlement	—	2,571	—	—
CAW settlement	—	—	—	340
Loss (gain) on extinguishment of debt	—	—	(906)	—
Loss on extinguishment of UST Ally Financial Loan	—	—	1,994	—
Gain on conversion of UST Ally Financial Loan	—	—	(2,477)	—
Reorganization gains, net	—	—	(128,563)	—
Valuation allowances against deferred tax assets (a)	(63)	(63)	(751)	1,450
Total significant non-cash charges (gains)	$ (2)	$2,964	$(130,035)	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period. Refer to Note 23 to the consolidated financial statements.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2010 all legal funding requirements had been met.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$4,872	$4,318	$586	$1,067

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of cash of $4.0 billion in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011.

The following table summarizes the underfunded status of pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. hourly and salaried	$11.5	$16.2
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	12.4	17.1
Non-U.S.	9.8	10.3
Total underfunded	$22.2	$27.4

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $12.4 billion and $17.1 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to the actual return on plan assets of $11.6 billion and contributions of $4.1 billion, partially offset by actuarial losses primarily attributable to discount rate decreases of $5.3 billion and service and interest costs of $5.7 billion.

On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $9.8 billion and $10.3 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to: (1) actual return on plan assets of $1.2 billion; (2) employer contributions and benefit payments of $0.8 billion; (3) net favorable foreign currency translations of $0.3 billion; partially offset by (4) service and interest costs of $1.6 billion; and (5) actuarial losses and other of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the underfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. OPEB plans	$5.7	$5.8
Non-U.S. OPEB plans.	4.2	3.8
Total underfunded	$9.9	$9.6

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2011	$ 8,765	$1,460	$ 451	$ 189
2012	$ 8,463	$1,461	$ 427	$ 199
2013	$ 8,186	$1,480	$ 407	$ 209
2014	$ 7,999	$1,513	$ 391	$ 220
2015	$ 7,855	$1,534	$ 379	$ 231
2016-2020	$36,033	$7,889	$1,796	$1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

We do not currently utilize off balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2010 and 2009.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $581 million at December 31, 2010. The maximum potential obligation under these commitments was $1.0 billion at December 31, 2009.

In May 2009 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends in August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $18.8 billion at December 31, 2010. This amount was estimated to be $14.2 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $21 million and $46 million at December 31, 2010 and 2009 which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 22 and 32 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2010 (dollars in millions):

	Payments Due by Period				
	2011	2012-2013	2014-2015	2016 and after	Total
Automotive debt (a)	$ 1,488	$ 1,014	$ 160	$ 3,209	$ 5,871
Automotive Financing debt (b)	3,495	2,658	766	—	6,919
Capital lease obligations	127	138	99	297	661
Automotive interest payments (c)	169	280	308	683	1,440
Automotive Financing interest payments (d)	175	146	40	1	362
Postretirement benefits (e)	469	164	—	—	633
Contractual commitments for capital expenditures	1,165	2	—	—	1,167
Operating lease obligations (f)	460	609	401	492	1,962
Other contractual commitments:					
Material	1,071	1,541	322	73	3,007
Information technology	956	156	16	—	1,128
Marketing	761	393	200	136	1,490
Facilities	146	151	65	10	372
Rental car repurchases	4,309	—	—	—	4,309
Policy, product warranty and recall campaigns liability	2,884	3,151	790	206	7,031
Other	87	33	—	—	120
Total contractual commitments (g) (h) (i)	$17,762	$10,436	$3,167	$ 5,107	$36,472
Non-contractual postretirement benefits (j)	$ 171	$ 1,078	$1,221	$21,182	$23,652

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2010.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2010.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2011 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2010.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2010.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2011 to 2014 related to our Opel/ Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2010 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

The table above does not reflect unrecognized tax benefits of $5.2 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. We expect to settle a contested income tax matter in GMSA for cash of $0.2 billion in 2011.

The table above also does not reflect certain contingent loan and funding commitments that we have made with suppliers, other third parties and certain joint ventures. At December 31, 2010 we had commitments of $0.6 billion under these arrangements that were undrawn.

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act of 2006 (PPA) will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. The PPA also provides the flexibility of selecting a 3-Segment rate up to the preceding five months from the valuation date of October 1, 2010, i.e., the 3-Segment rate at May 31, 2010. Therefore, for a hypothetical funding valuation at December 31, 2010 we have assumed the 3-Segment rate at May 31, 2010 as the base for funding interest rate that we could use for the actual funding valuation. Since this hypothetical election does not limit us to only using the 3-Segment rate beyond 2010, we have assumed that we retain the flexibility of selecting a funding interest rate based on either the Full Yield Curve method or the 3-Segment method. A hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation, and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016.

Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation and assuming the December 31, 2010 3-Segment interest rate for all future valuation projects contributions of $0.3 billion in 2016.

In both cases, we have assumed that the pension plans earn the expected return of 8.0% in the future and no changes in funding rates. U.S. pension funding interest rate and return on assets rate sensitivity are shown below, assuming the 3-segment rate at May 31, 2010 for plan year beginning on October 1, 2010 funding valuation and the full yield curve interest rate for all future valuations (in billions):

	Funding Interest Rate Sensitivity Table					Estimated Return on Assets–7% - 100 basis point decrease
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	
2011	$ —	$ —	$ —	$ —	$ —	$ —
2012	$ —	$ —	$ —	$ —	$ —	$ —
2013	$ —	$ —	$ —	$ —	$ —	$ —
2014	$ —	$ —	$ —	$ —	$0.5	$ —
2015	$ —	$0.7	$2.3	$4.0	$5.1	$3.1
2016	$0.7	$1.5	$1.2	$1.0	$0.8	$2.9

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. This was a voluntary contribution and the amount is reflected in the plan assets used to project the future required contributions above since the contributed shares qualify as a plan asset for funding purposes immediately. The contributed shares will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011.

The hypothetical valuations do not consider the potential election of relief provisions that are available to us under the Pension Relief Act of 2010 (PRA) for 2010 and 2011 plan year valuations.

We expect to contribute $95 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2011.

Fair Value Measurements

Automotive

At December 31, 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. We have transferred these liabilities to Level 2.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2010 we used Level 3 inputs to measure net liabilities of $14 million (or less than 0.1%) of our total liabilities. These net liabilities included $10 million (or less than 0.1%) of the total assets, and $24 million (or 16.4%) of the total liabilities that we measured at fair value.

In the year ended December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was primarily due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010.

At December 31, 2010 our nonperformance risk remains unobservable through a liquid credit default swap market. During the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents significant input in the determination of the fair value of our derivatives. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. These net liabilities included $33 million (or 0.1%) of the total assets, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value. At December 31, 2009 we also included a nonperformance risk adjustment of $47 million in the fair value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk.

For periods presented from June 1, 2009 through September 30, 2009 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. Foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the year ended December 31, 2010 and the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Automotive Financing

At December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps – Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are not exchange traded but instead traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments, and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010	Year Ended December 31, 2010 Total
Series A Preferred Stock (a)	$202	$203	$202	$203	$810
Series B Preferred Stock (b)	—	—	—	—	—
Total Preferred Stock dividends paid	$202	$203	$202	$203	$810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST.

(b) At December 31, 2010 cumulative unpaid dividends on our Series B Preferred Stock was $25 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended December 31, 2009	July 10, 2009 Through September 30, 2009	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$203	$146	$349

(a) Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result, $105 million of the $146 million of dividends paid in the three months ended September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry SAAR of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analysis. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 to our consolidated financial statements for additional discussion of Restricted cash and marketable securities.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" (ASC 712) and ASC 715 and deferred income taxes were recorded in accordance with ASC 740.

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 to our consolidated financial statements for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009	Effect on Per Share Value at July 10, 2009
Two percentage point decrease in WACC	+$2.9	+$2.35
Two percentage point increase in WACC	–$2.4	–$1.92
One percentage point increase in long-term growth rate	+$0.5	+$0.40
One percentage point decrease in long-term growth rate	–$0.5	–$0.37

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to significant events, including those discussed in Note 20 to our consolidated financial statements, certain of the pension plans were remeasured at various dates in the year ended December 31, 2010, the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated return assumptions for equities and equity-like asset classes. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets at December 31, 2010 used to determine U.S. and non-U.S. net periodic pension income for the year ending December 31, 2011 was $4.1 billion and $0.3 billion lower than the actual fair value of plan assets at December 31, 2010.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along

a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process to determine the discount rate based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2010. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. approach. The discount rates for plans in the United Kingdom and Germany use a curve derived from high quality corporate bonds with maturities consistent with the plans' underlying duration of expected benefit payments.

The following table summarizes rates used to determine net pension expense:

	Successor		Predecessor	
	Year Ended December 31, 2010	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Year Ended December 31, 2008**
Weighted-average expected long-term rate of return on U.S. plan assets	8.48%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.42%	7.97%	7.74%	7.78%
Weighted-average discount rate for U.S. plan obligations	5.36%	5.63%	6.27%	6.56%
Weighted-average discount rate for non-U.S. plan obligations	5.19%	5.82%	6.23%	5.77%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2010	**December 31, 2009**
Unamortized actuarial gain	$2.9	$3.0

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor		Predecessor	
	Year Ended December 31, 2010	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Year Ended December 31, 2008**
U.S. actual return	$11.6	$9.9	$(0.2)	$(11.4)
U.S. expected return	$ 6.6	$3.0	$ 3.8	$ 8.0
Non-U.S. actual return	$ 1.2	$1.2	$ 0.2	$ (2.9)
Non-U.S. expected return	$ 1.0	$0.4	$ 0.4	$ 1.0

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
25 basis point decrease in discount rate	–$110	+$2,540	–$ 7	+$714
25 basis point increase in discount rate	+$ 90	–$2,470	+$10	–$677
25 basis point decrease in expected return on assets	+$210	—	+$35	—
25 basis point increase in expected return on assets	–$210	—	–$35	—

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense and the pension obligations do not consider any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. We do not have a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2010, as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
One percentage point increase in benefit units	+$81	+$240
One percentage point decrease in benefit units	–$79	–$233

We utilize a variety of pricing sources to estimate the fair value of our pension assets, including: independent pricing vendors, dealer or counterparty supplied valuations, third party appraisals, appraisals prepared by investment managers, or investment sponsor or third party administrator supplied net asset value (or its equivalent) per share (NAV) used as a practical expedient.

A significant portion of our pension assets are classified in Level 3. Pension assets for which fair value is determined through the use of NAV and for which we may not have the ability to redeem our entire investment with the investee at NAV as of the measurement date or in the near-term, are classified in Level 3. We classify pension assets that include significant unobservable inputs in Level 3.

Significant assets classified in Level 3, with the related Level 3 inputs to the valuation that may be subject to volatility and change, and additional considerations for leveling, are as follows:

- Government, agency and corporate debt securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Group annuity contracts – The value of each group annuity contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account

assets is based on the fair value of the underlying assets owned by these accounts. The separately managed investment accounts, which typically calculate NAV, and underlying assets are valued in accordance with the valuation policies of the respective insurers. Inherent restrictions that do not allow redemption of our entire investment at NAV at the measurement date or in the near-term are the primary considerations for these investments being classified in Level 3.

- Agency and non-agency mortgage and other asset-backed securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs typically consist of prepayment curves, discount rates, default assumptions and recovery rates. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Investment funds, private equity and debt investments, and real estate assets — The funds and certain special purpose entities valued using NAV, and in which we may not have the ability to redeem our entire investment with the investee at NAV at the measurement date or in near-term, are classified in Level 3. The Level 3 inputs for these investments include NAV provided by the investment sponsor or third party administrator. When NAV was not used as a practical expedient, the fair value estimates provided by investment sponsors are used. These fair value estimates are reviewed, and in cases where these estimates do not represent fair value they may be adjusted by management based on changes in the composition or performance of the underlying investments or comparable investments, overall market conditions, and other economic factors. Such fair value adjustments at December 31, 2009 and 2010 were not significant.

Refer to Note 4 to our consolidated financial statements for a more detailed discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM estimated the discount rate using an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 was based on a yield curve which used projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 UAW Retiree Settlement Agreement. We are released from UAW retiree healthcare claims incurred after December 31, 2009.

The significant non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average discount rate for U.S. plans	5.57%	6.81%	8.11%	7.02%
Weighted-average discount rate for non-U.S. plans	5.22%	5.47%	6.77%	5.90%

As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2010 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S. An estimate is developed of the healthcare cost trend rates used to value benefit obligations for non-U.S. plans through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the healthcare cost trend rate can have significant effect on the actuarially determined obligation and related OPEB expense.

The following table summarizes the healthcare cost trend rates used in the remeasurement of the APBO:

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans (a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates based on the last remeasurement of the benefit plans at December 31, 2010 (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	–$25	–$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and federal and state unemployment payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the healthcare trend rate, which are applied on a consistent basis with other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Deferred Taxes / Valuation Allowances

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions, we are experiencing positive evidence trends in various jurisdictions. South Korea and Australia are farther ahead in this trend of sustained operating profits and taxable income. U.S. and Canada operations are showing early signs of this positive evidence trend, and Germany, Spain and the United Kingdom operations are not yet experiencing such a favorable shift. To the extent this trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances.

Refer to Note 23 to our consolidated financial statements for additional information regarding deferred taxes and valuation allowances.

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to five years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease, and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the

estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of sales incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies.

The following table summarizes recorded impairment charges related to automotive retail leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Automotive retail leases to daily rental car companies	$49	$18	$47	$382
Automotive retail leases (a)	$—	$—	$16	$377

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio. During the year ended December 31, 2010 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion in the U.S. due to increases in estimated residual values.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to vehicles owned by Ally Financial at December 31, 2010 and 2009 holding all other assumptions constant (dollars in millions):

	Successor	
	December 31, 2010 Effect on Residual Support and Risk Sharing Reserves	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 73	–$534
10% decrease in vehicle sales proceeds	+$196	+$381

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Maximum obligation		
Residual support	$ 523	$1,159
Risk sharing agreements	$ 692	$1,392
Outstanding receivables (liabilities)		
Residual support	$ 24	$ (369)
Risk sharing agreements	$(269)	$ (366)

When a lease vehicle is returned or repossessed by us, the asset is recorded at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied value. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level.

At December 31, 2010 we had goodwill of $31.8 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. In conjunction with the acquisition of GM Financial in October 2010, we recorded $1.3 billion of acquisition related goodwill, including $153 million recorded at the acquisition-date to establish a valuation allowance for deferred taxes which was not applicable to GM Financial on a stand-alone basis.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying values. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. Refer to Note 4 to our consolidated financial statements for additional information related to the adoption of ASU 2010-28, “Intangibles, Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units.”

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Future goodwill impairments could occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill.

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

During the three months ended December 31, 2010 we performed our annual goodwill impairment testing for all reporting units. Based on this testing, we determined that goodwill was not impaired. The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2 to our consolidated financial statements, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures. The following table summarizes the key assumptions for each of our more significant reporting units utilized in our 2010 annual goodwill impairment testing as of October 1, 2010 (dollars and volumes in millions):

	Goodwill Amount as of October 1, 2010	WACC	Long-Term Growth Rates	Industry Sales		Market Share	
				2011	2014	2011	2014
GMNA	$26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
GME	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
GM Daewoo (a)	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
Holden	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
GM Mercosur	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%

(a) Industry sales volume and market share for GM Daewoo are based on global industry volumes as GM Daewoo exports vehicles globally.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The WACCs considered various factors including bond yields, risk premiums, and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond 2014; and industry sales and a market share for each reporting unit included annual estimates through 2014, except for GME which is through 2015.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

In calculating the fair values of our more significant reporting units during our 2010 annual goodwill impairment testing, keeping all other assumptions constant, the carrying values of these reporting units would still exceed their estimated fair values had our WACC increased by 16.5 percentage points for GMNA, 7 percentage points for GME, 11 percentage points for GM Daewoo, 13.5 percentage points for Holden and 8.7 percentage points for GM Mercosur.

In the three months ended June 30, 2010 there were event-driven changes in circumstances within our GME reporting unit that warranted the testing of goodwill for impairment. In the three months ended June 30, 2010 anticipated competitive pressure on our margins in the near- and medium-term led us to believe that the goodwill associated with our GME reporting unit may be impaired. Utilizing the best available information at June 30, 2010, the date of impairment measurement, we performed a Step 1 goodwill impairment test for our GME reporting unit, and concluded that goodwill was not impaired. The fair value of our GME reporting unit was estimated to be approximately $325 million over its carrying amount. If we had not passed Step 1, we believe the amount of any goodwill impairment would approximate $140 million representing the net decrease, from July 9, 2009 through June 30, 2010, in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill.

Refer to Notes 13 and 26 to our consolidated financial statements for additional information on goodwill impairments.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform level. Non-product line specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 26 to our consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach because circumstances usually do not permit the use of a single approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in Ally Financial common stock of $270 million. We determined the fair value of our investment in Ally Financial common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's operations, which were then aggregated to determine Ally Financial's overall fair value. Based on our analysis, the estimated fair value of our investment in Ally Financial common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/tangible book value multiple on our impairment charge (dollars in millions):

Change in Assumption	Effect on December 31, 2009 Impairment Charges
Increase in average price/tangible book value multiple	+$100
Decrease in average price/tangible book value multiple	–$100

At December 31, 2010 the balance of our investment in Ally Financial common stock was $964 million and the balance of our investment in Ally Financial preferred stock was $665 million.

Derivatives

Derivatives are used in the normal course of business to manage exposures arising from market risks resulting from changes in certain commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheets as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and December 31, 2009, our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010, we have determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. As of December 31, 2010 all automotive operations derivatives have been classified in Level 2.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific

model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;

- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant covenants in our secured revolving credit facility;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- The ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on Ally Financial's ability to obtain funding and which may be suspended by Ally Financial if Ally Financial's credit exposure to us exceeds certain limitations provided in our operating arrangements with Ally Financial;
- Our ability to develop captive financing capability, including through GM Financial and to successfully integrate GM Financial into our operations;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;
- Continued economic instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Quantitative and Qualitative Disclosures About Market Risk

Automotive

We and Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is comprised of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our risk management policy. Our prior policy was intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is primarily to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to our consolidated financial statements. Further information on our exposure to market risk is included in Note 21 to our consolidated financial statements.

Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we were largely unable to enter forward contracts pending the completion of negotiations with potential derivative counterparties. Since August 2010 we executed new agreements with counterparties that enable us to enter into options, forward contracts and swaps.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2010 such contracts have remaining maturities of up to 12 months. At December 31, 2010 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won, and Euro/Korean Won.

At December 31, 2010 and 2009 the net fair value liability of financial instruments with exposure to foreign currency risk was $3.3 billion and $5.9 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $513 million and $941 million at December 31, 2010 and 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are and Old GM was exposed to foreign currency risk due to the translation of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction gains (losses) (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss)	$ 235	$ 157	$ 232
Foreign currency transaction gain (loss) recorded in earnings	$(209)	$(755)	$(1,077)

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2010 we did not have any interest rate swap derivative positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate	1,311	9,629
Total short-term debt	$1,616	$10,221
Short-term debt — fixed rate denominated in U.S. dollars	$ 96	$ 232
Short-term debt — fixed rate denominated in foreign currency	209	360
Total short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate denominated in U.S. dollars	$ 347	$ 6,253
Short-term debt — variable rate denominated in foreign currency	964	3,376
Total short-term debt — variable rate	$1,311	$ 9,629
Long-term debt — fixed rate	$2,519	$ 4,689
Long-term debt — variable rate	495	873
Total long-term debt	$3,014	$ 5,562
Long-term debt — fixed rate denominated in U.S. dollars	$ 601	$ 3,401
Long-term debt — fixed rate denominated in foreign currency	1,918	1,288
Total long-term debt – fixed rate	$2,519	$ 4,689
Long-term debt — variable rate denominated in U.S. dollars	$ 287	$ 551
Long-term debt — variable rate denominated in foreign currency	208	322
Total long-term debt — variable rate	$ 495	$ 873

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 and 2009 the fair value liability of debt and capital leases was $4.8 billion and $16.0 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $166 million and $402 million at December 31, 2010 and 2009.

At December 31, 2010 we had $6.6 billion in marketable securities with exposure to interest rate risk. We invest in securities of various types and maturities, the value of which are subject to fluctuations in interest rates. The potential decrease in fair value from a 50 basis point increase in interest rates would be $15 million at December 31, 2010. Our exposure to interest rate risk on marketable securities at December 31, 2009 was insignificant.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We use commodity options to offset our commodity price exposures.

At December 31, 2010 and 2009 the net fair value asset of commodity derivatives was $84 million and $11 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $47 million and $6 million at December 31, 2010 and 2009. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At December 31, 2010 and 2009 the fair value of these warrants was $44 million and $25 million. At December 31, 2010 and 2009 our exposure also includes investments of $43 million and $45 million in equity securities recorded at fair value. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and preferred stock were $970 million and $665 million. These amounts represent the maximum exposure to loss from these investments.

Counterparty Risk

We are exposed to counterparty risk on derivative contracts, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee on a periodic basis. At December 31, 2010 a majority of all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

We are exposed to credit risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

Automotive Financing

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap purchased is included in Total GM Financial Assets and the fair value of the interest rate cap agreement sold is included in Total GM Financial Liabilities.

Securitizations

The interest rate demanded by investors in GM Financial's securitization transactions depends on prevailing market interest rates for comparable transactions and the general interest rate environment. GM Financial utilizes several strategies to minimize the effect of interest rate fluctuations on its gross interest rate margin, including the use of derivative financial instruments and the regular sale or pledging of automotive receivables to securitization trusts.

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. The fixed rates on securities issued by the trusts are indexed to market interest rate swap spreads for transactions of similar duration or various LIBOR rates and do not fluctuate during the term of the securitization. The floating rates on securities issued by the trusts are indexed to LIBOR and fluctuate periodically based on movements in LIBOR. Derivative financial instruments, such as interest rate swap and cap derivatives, are used to manage the gross interest rate spread on these transactions. GM Financial uses interest rate swap derivatives to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate, thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swap derivatives purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swap derivative serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerance. In circumstances where the interest rate risk is deemed to be tolerable, usually if the risk is less than one year in term at inception, GM Financial may choose not to hedge potential fluctuations in cash flows due to changes in interest rates. Its special purpose entities are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities even if GM Financial chooses not to hedge its future cash flows. Although the interest rate cap derivatives are purchased by the trusts, cash outflows from the trusts ultimately affect GM Financial's retained interests in the securitization transactions as cash expended by the securitization trusts will decrease the ultimate amount of cash to be received by GM Financial. Therefore, when economically feasible, GM Financial may simultaneously sell a corresponding interest rate cap derivative to offset the premium paid by the trust to purchase the interest rate cap derivative. The fair value of the interest rate cap derivatives purchased in connection with

securitization transactions are included in Total GM Financial Assets and the fair value of the interest rate cap derivatives sold are included in Total GM Financial Liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating expenses and other.

GM Financial has entered into interest rate swap derivatives to hedge the variability in interest payments on eight of its active securitization transactions. Portions of these interest rate swap derivatives are designated and qualify as cash flow hedges. The fair value of interest rate swap derivatives designated as hedges is included in GM Financial Other liabilities. Interest rate swap derivatives that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swap and cap derivatives are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swap and cap derivatives, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2010 (Successor). Our report dated March 1, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of a revised accounting standard related to consolidation principles.

Detroit, Michigan
March 1, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2010 (Successor) and 2009 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included Schedule II - Valuation and Qualifying Accounts (the "financial statement schedule"). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2010 (Successor) and 2009 (Successor) and the results of their operations and their cash flows for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and Subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2011 expressed an unqualified opinion on the Successor's internal control over financial reporting.

Detroit, Michigan
March 1, 2011

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$135,142	$57,329	$ 46,787	$147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net (Note 2)	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (Note 29)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Earnings (loss) per share (Note 30)				
Basic				
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Weighted-average common shares outstanding	1,500	1,238	611	579
Diluted				
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Weighted-average common shares outstanding	1,624	1,238	611	579
Cash dividends per common share	$ —	$ —	$ —	$ 0.50

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor	
	December 31, 2010	December 31, 2009
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010; Note 7)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$138,898	$136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010; Note 17)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010; Note 17)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010; Note 17)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable (Note 19)	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies (Note 22)		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$138,898	$136,295

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from operating activities				
Net income (loss)	$ 6,503	$(3,786)	$ 109,003	$(31,051)
Less: GM Financial income	90	—	—	—
Automotive income (loss)	6,413	(3,786)	109,003	(31,051)
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities				
Depreciation, impairment charges and amortization expense	6,923	4,511	6,873	18,724
Delphi charges	—	—	—	4,797
Foreign currency translation and transaction (gain) loss	209	755	1,077	(1,705)
Amortization of discount and issuance costs on debt issues	163	140	3,897	189
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	(59)	478	—
Undistributed earnings of nonconsolidated affiliates	(753)	(497)	1,036	(727)
Pension contributions and OPEB payments	(5,723)	(5,832)	(2,472)	(4,898)
Pension and OPEB expense, net	412	3,570	3,234	2,747
Withdrawals (contributions) to VEBA	—	(252)	9	1,355
(Gain) loss on extinguishment of debt	(196)	101	1,088	—
Gain on disposition of Ally Financial Common Membership Interests	—	—	(2,477)	—
Reorganization gains, net (including cash payments $408)	—	—	(128,563)	—
Provisions (benefits) for deferred taxes	242	(1,427)	(600)	1,163
Change in other investments and miscellaneous assets	(137)	292	596	(395)
Change in other operating assets and liabilities, net of acquisitions and disposals (Note 36)	(981)	3,372	(10,229)	94
Other	17	176	(1,253)	(2,358)
Net cash provided by (used in) operating activities–Automotive	6,589	1,064	(18,303)	(12,065)
Net income–GM Financial	90	—	—	—
Adjustments to reconcile income to net cash provided by operating activities	86	—	—	—
Change in operating assets and liabilities	15	—	—	—
Net cash provided by operating activities–GM Financial	191	—	—	—
Net cash provided by (used in) operating activities	6,780	1,064	(18,303)	(12,065)

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from investing activities				
Expenditures for property	(4,200)	(1,862)	(3,517)	(7,530)
Available-for-sale marketable securities, acquisitions	(11,012)	—	(202)	(3,771)
Trading marketable securities, acquisitions	(358)	(158)	—	—
Available-for-sale marketable securities, liquidations	5,611	3	185	5,866
Trading marketable securities, liquidations	343	168	—	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(3,580)	(2,127)	—	(1)
Increase due to consolidation of business units	63	222	46	—
Distributions from (investments in) Ally Financial	—	72	(884)	—
Operating leases, liquidations	346	564	1,307	3,610
Proceeds from sale of business units/equity investments, net	317	—	—	232
Proceeds from sale of real estate, plants and equipment	188	67	38	347
Change in notes receivable	46	61	(23)	(430)
Increase in restricted cash and marketable securities	(871)	(3,604)	(18,461)	(87)
Decrease in restricted cash and marketable securities	13,823	8,775	418	—
Other investing activities	2	(25)	(41)	—
Net cash provided by (used in) investing activities–Automotive	718	2,156	(21,134)	(1,764)
GM Financial cash on hand at acquisition	538	—	—	—
Purchase of receivables	(947)	—	—	—
Principal collections and recoveries on receivables	871	—	—	—
Other investing activities	53	—	—	—
Net cash provided by (used in) investing activities–GM Financial	515	—	—	—
Net cash provided by (used in) investing activities	1,233	2,156	(21,134)	(1,764)
Cash flows from financing activities				
Net decrease in short-term debt	(1,097)	(352)	(2,364)	(4,100)
Proceeds from issuance of debt (original maturities greater than three months)	718	6,153	53,949	9,928
Payments on debt (original maturities greater than three months)	(10,536)	(5,259)	(6,072)	(1,702)
Proceeds from issuance of stock	4,857	—	—	—
Payments to purchase stock	(1,462)	—	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	(1,216)	—
Payments to acquire noncontrolling interest	(6)	(100)	(5)	—
Debt issuance costs and fees paid for debt modification	(161)	—	(63)	—
Cash dividends paid (including premium paid on redemption of stock)	(1,572)	(97)	—	(283)
Net cash provided by (used in) financing activities–Automotive	(9,259)	345	44,229	3,843
Net change in credit facilities	212	—	—	—
Issuance of debt	700	—	—	—
Payments of debt	(1,419)	—	—	—
Other financing activities	(4)	—	—	—
Net cash provided by (used in) financing activities–GM Financial	(511)	—	—	—
Net cash provided by (used in) financing activities	(9,770)	345	44,229	3,843
Effect of exchange rate changes on cash and cash equivalents–Automotive	(57)	492	168	(778)
Net increase (decrease) in cash and cash equivalents–Automotive	(2,009)	4,057	4,960	(10,764)
Net increase (decrease) in cash and cash equivalents–GM Financial	195	—	—	—
Cash and cash equivalents reclassified as assets held for sale–Automotive	391	(391)	—	—
Cash and cash equivalents at beginning of period–Automotive	22,679	19,013	14,053	24,817
Cash and cash equivalents at end of period–Automotive	$ 21,061	$22,679	$ 19,013	$ 14,053
Cash and cash equivalents at end of period–GM Financial	$ 195	$ —	$ —	$ —

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance at December 31, 2007, Predecessor	$—	$—	$ 943	$16,100	$ (39,426)	$(13,987)	$1,218		$ (35,152)
Net income (loss)	—	—	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)									
Foreign currency translation loss	—	—	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)								$ (49,984)	
Effects of Ally Financial adoption of ASC 820 and ASC 825	—	—	—	—	(76)	—	—		(76)
Stock options	—	—	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	—	—	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	—	—	(283)	—	—		(283)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(46)		(46)
Other	—	—	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	—	—	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)								$106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retain Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$(3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 29)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)								$(2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	—	—	3	4,933	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	—	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	—	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	—	—	(100)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive income (loss)	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income (loss)								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities (Note 4)	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	$5,536	$4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979		$ 37,159

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in these consolidated financial statements for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit Corp. (AmeriCredit), an automotive finance company which we subsequently renamed General Motors Financial Company, Inc. (GM Financial).

We develop, produce and market cars, trucks and parts worldwide. We also conduct finance operations through GM Financial. These financing operations consist principally of financing automobile purchases and leases for retail customers.

We analyze the results of our business through our five segments, which are GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial) (formerly GMAC Inc.), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 20) and a portfolio of automotive retail leases.

We own a 9.9% equity interest in Ally Financial, which is accounted for as a cost method investment because we cannot exercise significant influence. Ally Financial provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;

- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

- The UST's return of the warrants Old GM previously issued to it;

- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and

- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue Adjustment Shares to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where estimated general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 19 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through the power to vote for the election of our directors, over various matters, which could include compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. As such, upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and

- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share based on vehicle sales volumes as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 for additional discussion of Restricted cash and marketable securities.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor
	July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted

in goodwill. Our employee related obligations were recorded in accordance with ASC 712, "Compensation-Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation Benefits" (ASC 715) and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes" (ASC 740).

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of non consolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued liabilities	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	12	—	12
Capital surplus (principally additional paid-in capital)	—	18,779	—	18,779
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$141,969

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST (a)	Canada Holdings (b)	New VEBA (c)	Pension and OPEB (d)	MLC (e)	Other (f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued liabilities	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$(5,964)	$ —	$ —	$(25,257)	$(710)	$(63,492)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 912 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of $1.3 billion when entered into) and the issuance of 175 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 UAW Retiree Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 20 for additional information on the 2009 UAW Retiree Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree healthcare plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;

- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;

- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and

- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 150 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 273 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor
	Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$1,797

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued liabilities ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and Notes Receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, Current and Non-Current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;

- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;

- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and

- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.

- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was

primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.

- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor	Predecessor
	July 10, 2009	July 9, 2009
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. None of the goodwill from this transaction is deductible for tax purposes.

Intangible Assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
  - Forecasted revenue for each technology category by Old GM's former segments;

        - Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
        - Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
        - Estimated economic lives, which ranged from seven to 20 years.
    - The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
        - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
        - The probability and cost of obtaining commercial feasibility;
        - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
        - Estimated economic lives ranging from approximately 10 to 20 years.
- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
    - Forecasted revenue for each brand name by Old GM's former segments;
    - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
    - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
    - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
    - Forecasted revenue;
    - Customer retention rates;
    - Profit margins; and
    - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$16,074

Deferred Income Taxes, Non-Current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Other Assets, Non-Current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in Ally Financial common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in Ally Financial common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine Ally Financial's overall fair value. The significant inputs used in our fair value analysis were as follows:

- Ally Financial's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in Ally Financial preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar Ally Financial securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests.

For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 15 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, Current and Non-Current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted-average discount rate used was 6.0% and 5.5% for the U.S. and non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with eight years to the ultimate trend rate.

Accrued Liabilities, Other Liabilities, and Deferred Income Taxes, Current and Non-Current

We recorded Accrued liabilities of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued liabilities and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;
- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;
- A decrease of $179 million to lease-related obligations;
- A decrease of $162 million related to certain customer deposits;
- $582 million increase in deferred income taxes; and
- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 22 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. We continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Segments

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010, we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Stock Split

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable Successor share, per share and related information in the consolidated financial statements and notes has been adjusted retroactively to give effect to the three-for-one stock split.

Increase in Authorized Shares

On October 5, 2010, our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant

to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

The following tables provide financial information for our Venezuelan subsidiaries at and for the year ended December 31, 2010, which include amounts receivable from and payable to, and transactions with, affiliated entities (dollars in millions):

	Successor
	December 31, 2010
Total automotive assets (a)	$1,322
Total automotive liabilities (b)	$ 985

	Successor
	Year Ended December 31, 2010
Total net sales and revenue	$1,139
Net income (loss) attributable to stockholders (c)	$ 320

(a) Includes BsF denominated and non-BsF denominated monetary assets of $393 million and $527 million.

(b) Includes BsF denominated and non-BsF denominated monetary liabilities of $661 million and $324 million.

(c) Includes a gain of $119 million related to the devaluation of the BsF in January 2010 and a gain of $273 million in the year ended December 31, 2010 due to favorable foreign currency exchanges that were processed by CADIVI at the essential rate. The $119 million gain on the devaluation was offset by a $144 million loss recorded by U.S. entities on BsF denominated assets, which is not included in the Net income (loss) attributable to stockholders reported above.

The total amount pending government approval for settlement at December 31, 2010 is BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007. The amount includes payables to affiliated entities of $263 million, which includes dividends payable of $144 million.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems, is deferred and recorded on a straight-line basis over the subscription period. An OnStar subscription is provided as part of the sale or lease of certain vehicles. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Finance Receivables

Automotive Financing

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit were adjusted to fair value at October 1, 2010. As a result of the acquisition, the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. A portion of the discount attributable to future credit losses is recorded as a non-accretable discount and utilized as such losses occur. Any deterioration in the performance of pre-acquisition receivables, indicating that the non-accretable discount has become insufficient to cover future credit losses, in the pre-acquisition portfolio, will result in an incremental allowance for loan losses being recorded. Improvements in performance of the pre-acquisition receivables, indicating that the non-accretable discount exceeds expected future credit losses will not be a direct offset to charge-offs, but will result in a transfer of the excess non-accretable discount to accretable discount, which will be recorded as finance charge income over the remaining life of the receivables.

A portion of the fair value adjustment on the finance receivables is included as an accretable premium. This premium is accreted into finance charge income over the remaining life of the receivables utilizing the effective interest method.

Post-Acquisition Finance Receivables

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date.

Allowance For Doubtful Accounts – Trade Receivables

Automotive

We estimate the balance of allowance for doubtful accounts by analyzing accounts receivable balances by age, and our estimate includes separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Inventory

Automotive

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Advertising expense	$4,259	$2,110	$1,471	$5,303

Research and Development Expenditures

Automotive

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$6,962	$3,034	$3,017	$8,012

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 12 and 26 for additional information on property and impairments.

Special Tools

Automotive

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 12 for additional information on special tools.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated. Refer to Note 26 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Automotive selling, general and administrative expense or GM Financial operating expenses and other. Refer to Notes 2 and 14 for additional information on intangible assets.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the year ended December 31, 2010 and in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. Long-lived asset impairment charges were recorded based on the results of the analyses. Refer to Note 26 for additional information on impairment charges.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the U.S. and Canada and forecasted auction proceeds outside of the U.S. and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations, when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less costs to sell. In our automotive finance operations, when a leased vehicle is returned or repossessed the asset is recorded at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 26 and 32 for additional information on impairments and operating lease arrangements with Ally Financial.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income (loss). The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating expenses and other.

The following table summarizes the effects of foreign currency transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) resulting from foreign currency transactions	$(210)	$(755)	$(1,077)	$1,705

Policy, Warranty and Recall Campaigns

Automotive

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

Automotive

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

We have an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These three types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy at the beginning of the accounting period based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified all marketable securities as available-for-sale.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace.

We conduct an annual review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold. These inputs included interest rate yields, bid/ask quotes, prepayment speeds and prices for comparable securities. Based on our review we believe the prices received from our pricing vendor are a reliable representation of fair value.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM

considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded in Interest income and other non-operating income, net and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate swap, interest rate cap and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices.

Our financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our automotive operations risk management policy with respect to foreign exchange and commodities. Under our prior policy we intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and 2009 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009 all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010 we have determined that our non-performance

risk no longer represents a significant input in the determination of the fair value of our derivatives. Consequently, at December 31, 2010 all automotive operations derivatives were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating expenses and other.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gain (losses) within a separate component of Accumulated other comprehensive income (loss). Amounts are reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

Prior to October 1, 2008, Old GM recorded changes in fair value of derivatives designated as fair value hedges in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Old GM recorded the change in fair value of derivative instruments in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM's quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Old GM recorded certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 21 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;

- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are amortized over a time period corresponding with the average life expectancy of the plan participants.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. and Canada, we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

In countries other than the U.S. and Canada, discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Cash equivalents and other short-term investments are generally classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts or policies issued by a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts or policies may be backed by one or more separately managed investment accounts, which hold investments in high quality fixed income securities. The value of each contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by the separately managed investment accounts. The separately managed investment accounts, which typically calculate NAV (or its equivalent), and underlying assets are valued in accordance with the valuation policies of the respective insurers. From time to time, the defined benefit pension plans' liabilities may increase as a result of these contracts when the required reserves, as estimated by an insurer under the terms of the contract or policy, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are generally classified in Level 3.

Common and Preferred Stock

Equity securities for which market quotations are readily available are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. In the event there were no sales during the five-day period before the reporting date and the five-day period after the reporting date or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are typically classified in Level 2. Common and preferred stock classified in Level 3 are typically those that are thinly traded, delisted, or privately issued securities or other issues that are priced by a dealer or pricing service using inputs such as

aged (stale) pricing, and/or other qualitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Exchange traded funds and real estate investment trusts, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. Investments in non-exchange traded funds and certain SPEs (e.g., limited partnerships, limited liability companies), which may be fully redeemed at NAV in the near-term (within 90 days), are generally measured at fair value on the basis of the NAV provided by the investment sponsor or its third party administrator, and generally classified in Level 2. Investments within this asset class that are classified in Level 3 include investments in funds, which may not be fully redeemed at NAV in the near-term, and are typically measured on the basis of the NAV. Level 3 investments also include direct private equity, debt, and real estate investments, which have inherent restrictions on near-term redemption. Fair value estimates for direct private equity, private debt, and real estate investments are provided by the respective investment sponsors and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are

classified in Level 1. Over-the-counter derivatives are typically valued through independent pricing services and are generally classified in Level 2. Derivatives classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. Program related benefits are recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended December 31, 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended December 31, 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

In November and December 2010 we consummated a public offering of 550 million shares of our common stock. Prior to this offering, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price. Refer to Note 31 for additional information regarding stock incentive plans.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the year ended December 31, 2008 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted-average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period, and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and we did not replace them in the 363 Sale.

Recently Adopted Accounting Principles

Variable Interest Entities

In January 2010 we adopted amendments to ASC 810, "Consolidation" (ASC 810). These amendments require an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct

the activities of a VIE that most significantly affect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. These amendments also require, among other considerations, an ongoing reconsideration of the primary beneficiary. In February 2010 the Financial Accounting Standard Board (FASB) issued guidance that permitted an indefinite deferral of these amendments for entities that have all the attributes of an investment company or that apply measurement principles consistent with those followed by investment companies. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIE's in effect prior to the adoption of these amendments. This deferral was applicable to certain investment companies associated with our employee benefit plans and investment companies managing investments on behalf of unrelated third parties.

The amendments were adopted prospectively. Upon adoption, we consolidated General Motors Egypt (GM Egypt). Due to our application of fresh-start reporting on July 10, 2009 and because our investment in GM Egypt was accounted for using the equity method of accounting, there was no difference between the net assets added to the consolidated balance sheet upon consolidation and the amount of previously recorded interest in GM Egypt. As a result, there is no cumulative effect of a change in accounting principle to Accumulated deficit. However, the consolidation of GM Egypt resulted in an increase in Total assets of $254 million, an increase in Total liabilities of $178 million, and an increase in Noncontrolling interest of $76 million. The effect of these amendments was measured based on the amount at which the asset, liability and noncontrolling interest would have been carried or recorded in the consolidated financial statements if these amendments had been effective since inception of our relationship with GM Egypt. Refer to Note 17 for additional information regarding the effect of the adoption of these amendments.

Transfers of Financial Assets

In January 2010 we adopted certain amendments to ASC 860, "Transfer and Servicing" (ASC 860). ASC 860 eliminated the concept of a qualifying SPE, establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. The adoption of these amendments did not have an effect on the consolidated financial statements.

Accounting Standards Not Yet Adopted

In September 2009 the FASB issued Accounting Standard Update (ASU) 2009-13, "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. ASU 2009-13 is not expected to have a material effect on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, "Intangibles—Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings (accumulated deficit) in the period of adoption.

GME has a negative carrying amount; as such, we will apply the provisions of ASU 2010-28 effective January 1, 2011. When a reduction occurs in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon

our application of fresh-start reporting, the amount of our implied goodwill can decline. Prior to the adoption of ASU 2010-28, any such decline does not result in recognition of an impairment loss as long as Step 1 of the goodwill impairment test is passed (as was the case at our October 1, 2010 annual testing date). However, proceeding directly to Step 2 of the goodwill impairment test as required in this circumstance upon adoption of ASU 2010-28 would result in recognition of any such impairment.

We are currently in the process of valuing the amount of the implied goodwill as of January 1, 2011 for GME, and estimate the high end of the range of possible adjustment to be approximately $1.3 billion. Our estimate represents the net decrease, from July 10, 2009 through January 1, 2011, in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting resulting primarily from an overall improvement in our incremental borrowing rate and corresponding decrease in our nonperformance risk since July 10, 2009. The actual goodwill impairment determination can also be affected by other factors in the Step 2 impairment test which we have not yet finalized. As a result, the actual adjustment may be different than our current estimate upon the finalization of our valuation procedures and determination of our implied goodwill for GME at January 1, 2011.

Note 5. Acquisition and Disposal of Businesses

Acquisition of AmeriCredit Corp.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of approximately $3.5 billion. The acquisition of AmeriCredit will allow us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

(b) The Finance receivables were recorded at fair value, which was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the newly formed GM Financial reporting segment. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the year ended December 31, 2010 and the supplemental pro forma revenue and earnings of the combined entity as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor (Unaudited)			Predecessor (Unaudited)
	GM Financial amounts included in results for Year Ended December 31, 2010	Pro Forma-Combined		Pro Forma-Combined
		Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$281	$136,665	$58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 90	$ 6,634	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information is material.

Acquisition of Strasbourg

On October 1, 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business. We believe the repurchase of GMS allows us to maintain good relationships and to help expand our business within the European region.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010, the date we obtained control, and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor
	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities (b)	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

(b) Current liabilities include $8 million that is due to us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, classified as Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information is material. We began to record the results of GMS operations in our consolidated financial statements from the date of acquisition.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated financial statements and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We have recorded a corresponding liability to reflect our obligation to provide additional capital.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other original equipment manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities were retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 22 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 22) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. The DMDA contains specific waterfall provisions for the allocation of distributions among the Class A, Class B and Class C New Delphi Membership Interests. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with Class B representing the remaining 65%, excluding certain distributions to New Delphi directors and management and the unsecured creditors of Old Delphi. Our Class A Membership Interest entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions excluding certain distributions to New Delphi directors and management. Additional distributions are applied to specific distribution levels until cumulative distributions reach $7.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 22 for additional information on the Delphi-GM Settlement Agreements.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Goodwill of $61 million recorded in the GMNA reporting unit arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 22 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

Saab Bankruptcy and Sale

In February 2009 Saab, part of our GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

Saab's assets and liabilities were classified as held for sale at December 31, 2009. Saab's total assets of $388 million included cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million included accounts payable, warranty and pension obligations and other liabilities.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB (Saab GB) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 6. Finance Receivables, net

Automotive Financing

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor
	December 31, 2010
Pre-acquisition finance receivables (pre-acquisition carrying amount)	$7,724
Post-acquisition finance receivables	924
Total finance receivables	8,648
Purchase price premium	423
Less non-accretable discount on pre-acquisition finance receivables	(848)
Less allowance for loan losses on post-acquisition receivables	(26)
Total finance receivables, net	$8,197

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2010 the accrual of finance charge income has been suspended on delinquent finance receivables of $491 million.

The following table summarizes purchase price premium (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$500
Amortization of premium	(77)
Balance at end of period	$423

The following table summarizes non-accretable discount (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 968
Recoveries	101
Charge-offs	(221)
Balance at end of period	$ 848

The following table summarizes the allowance for loan losses (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$—
Provision for loan losses	26
Recoveries	—
Charge-offs	—
Balance at end of period	$26

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor
	December 31, 2010
FICO score less than 540	$1,328
FICO score 540 to 599	3,396
FICO score 600 to 659	2,758
FICO score greater than 660	1,166
Total finance receivables	$8,648

Delinquency

The following summarizes finance receivables more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor	
	December 31, 2010	
	Amount	Percent
Delinquent contracts		
31 to 60 days	$535	6.2%
Greater-than-60 days	212	2.4%
Total finance receivables more than 30 days delinquent	747	8.6%
In repossession	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 7. Securitizations

Automotive Financing

The following table summarizes securitization activity and cash flows from SPEs used for securitizations (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Receivables securitized	$743
Net proceeds from securitization	$700
Servicing fees	
Variable interest entities	$ 46
Distributions from Trusts	
Variable interest entities	$216

GM Financial retains servicing responsibilities for receivables transferred to certain SPEs. At December 31, 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.2 billion.

Note 8. Marketable Securities

Automotive

The following table summarizes information regarding marketable securities (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Marketable Securities								
Available-for-sale securities								
United States government and agencies	$2,023	$—	$—	$2,023	$ 2	$—	$—	$ 2
Sovereign debt	773	—	—	773	—	—	—	—
Certificates of deposit	954	—	—	954	8	—	—	8
Corporate debt	1,670	1	2	1,669	—	—	—	—
Total available-for-sale securities	5,420	1	2	5,419	10	—	—	10
Total trading securities	129	10	3	136	122	7	5	124
Total Marketable securities	$5,549	$11	$ 5	$5,555	$132	$ 7	$ 5	$134

We maintained $89 million and $79 million of the above trading securities as compensating balances to support letters of credit of $74 million and $66 million at December 31, 2010 and 2009. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes securities classified as Cash and cash equivalents and Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Securities classified as Cash and cash equivalents	$12,964	$11,176
Securities classified as Restricted cash and marketable securities	$ 1,474	$14,178

Refer to Note 24 for classes of securities underlying Cash and cash equivalents and Restricted cash and marketable securities.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales proceeds	$11	$ 3	$185	$4,001
Realized gains	$—	$—	$ 3	$ 44
Realized losses	$—	$—	$ 10	$ 88

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2010 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$5,059	$5,059
Due after one year through five years	361	360
Total contractual maturities of available-for-sale securities	$5,420	$5,419

Refer to Note 26 for the amounts recorded as other than temporary impairments on debt and equity securities.

Note 9. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Productive material, supplies and work in process	$ 5,487	$ 4,201
Finished product, including service parts	6,638	5,906
Total inventories	$12,125	$10,107

In the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the costs of purchases in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. These liquidations decreased Old GM's Automotive cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and $355 million in the year ended December 31, 2008.

Note 10. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Equipment on operating leases	$2,843	$3,070
Less accumulated depreciation	(275)	(343)
Equipment on operating leases, net	$2,568	$2,727

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation expense and impairment charges	$549	$586	$338	$1,575

Refer to Note 26 for additional information on impairment charges related to Equipment on operating leases, net.

Note 11. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Ally Financial	$ —	$ —	$(1,097)	$ 916
Gain on conversion of UST Ally Financial Loan	—	—	2,477	—
Ally Common Membership Interest impairment charges	—	—	—	(7,099)
Total equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ 1,380	$(6,183)
China JVs (a)	$1,297	$460	$ 300	$ 315
New United Motor Manufacturing, Inc. (b)	—	—	(243)	(118)
New Delphi (c)	117	(1)	—	—
Others	24	38	4	(11)
Total equity income, net of tax	$1,438	$497	$ 61	$ 186

(a) Includes Shanghai General Motors Co., Ltd. (SGM) (49%) in the period February 1, 2010 through December 31, 2010 and (50%) in the month of January 2010, in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, and in the year ended December 31, 2008 and SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (44%) in the period November 16, 2010 through December 31, 2010 and (34%) in the periods January 1, 2010 through November 15, 2010, July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the year ended December 31, 2008.

(b) New United Motor Manufacturing, Inc. (NUMMI) (50%) was retained by MLC as a part of the 363 Sale.

(c) New Delphi was acquired in October 2009. Refer to Note 5 for additional information on acquisition of Delphi businesses.

Investment in China JVs

Our Chinese operations, which we established beginning in 1997, are comprised of the following joint ventures: SGM, SGMW, FAW-GM Light Duty Commercial Vehicle, Ltd. (FAW-GM), Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car

JV), collectively referred to as the China JVs. Sales and income of these joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac.

SGMW produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling, Chevrolet and Baojun brands. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member.

SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction in the year ended December 31, 2010.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction, we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW. The fair value of the additional 10% interest in SGMW was $394 million at the date of the transaction, as determined using a discounted cash flow methodology. The difference between the cash consideration and the fair value of the 10% interest in SGMW is being deferred and amortized over the three year period we will provide technical services to the Wuling Group. During the year ended December 31, 2010 $14 million was amortized and recorded in Interest income and other non-operating income, net.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in significant nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount of investment in China JVs	$6,133	$5,648
Carrying amount of investment in New Delphi	2,043	1,908
Carrying amount of other investments	353	380
Total equity in net assets of nonconsolidated affiliates	$8,529	$7,936

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from two to 22 years, with depreciation expense of $5 million per year.

On July 10, 2009 our investment in SGMW was adjusted to its fair value. Our investment in SGMW was increased by fresh-start reporting adjustments of $265 million which were allocated as follows: (1) goodwill of $165 million; (2) intangible assets of $93 million; and (3) property of $7 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $4 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

As a result of our purchase of an additional 10% interest in SGMW, our additional investment was recorded at its fair value of $394 million, an increase of $322 million from SGMW's book value. This fair value increase was allocated as follows: (1) goodwill of $231 million; (2) intangible assets of $82 million; (3) inventory of $5 million; and (4) property of $4 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $3 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	China JVs	Others	Total	China JVs	Others	Total
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009	December 31, 2009
Summarized Balance Sheet Data						
Current assets	$ 9,689	$ 9,708	$19,397	$ 6,954	$ 8,507	$15,461
Non-current assets	4,147	5,001	9,148	3,794	4,874	8,668
Total assets	$13,836	$14,709	$28,545	$10,748	$13,381	$24,129
Current liabilities	$ 8,931	$ 4,745	$13,676	$ 6,695	$ 4,608	$11,303
Non-current liabilities	580	2,232	2,812	302	1,905	2,207
Total liabilities	$ 9,511	$ 6,977	$16,488	$ 6,997	$ 6,513	$13,510
Non-controlling interests	$ 766	$ 474	$ 1,240	$ 638	$ 440	$ 1,078

	Year Ended December 31, 2010 (a)	Year Ended December 31, 2009 (b)	Year Ended December 31, 2008
Summarized Operating Data			
China JV's net sales	$25,395	$18,098	$10,883
Others' net sales	17,500	7,457	10,415
Total net sales	$42,895	$25,555	$21,298
China JV's net income	$ 2,808	$ 1,636	$ 671
Others' net income	656	161	(5,212)
Total net income	$ 3,464	$ 1,797	$ (4,541)

(a) Summarized financial information is not included for a joint venture that we dissolved in June 2010. We recognized equity income of $10 million in the six months ended June 30, 2010.

(b) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 32, which are not eliminated in consolidation (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Results of Operations				
Automotive sales	$2,910	$ 899	$596	$1,076
Automotive purchases, net	$2,881	$1,190	$737	$3,815
Automotive selling, general and administrative expense	$ 3	$ (19)	$ (19)	$ 62
Automotive interest expense	$ 16	$ —	$ —	$ —
Interest income and other non-operating income (expense), net	$ 43	$ 14	$ (9)	$ 231

	Successor	
	December 31, 2010	December 31, 2009
Financial Position		
Accounts and notes receivable, net	$1,618	$771
Accounts payable (principally trade)	$ 641	$579

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash Flows				
Operating	$719	$538	$546	$(1,014)
Investing	$ (74)	$ (67)	$ —	$ 370
Financing	$ —	$ —	$ —	$ —

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In January 2009 Old GM entered into the UST Ally Financial Loan Agreement pursuant to which Old GM borrowed $884 million (UST Ally Financial Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST Ally Financial Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST Ally Financial Loan Agreement was secured by Old GM's Common and Preferred Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST Ally Financial Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

The following tables summarize financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Consolidated Statement of Income (Loss)		
Total financing revenue and other interest income	$ 6,916	$18,054
Total interest expense	$ 3,936	$10,441
Depreciation expense on operating lease assets	$ 2,113	$ 5,478
Gain on extinguishment of debt	$ 657	$12,628
Total other revenue	$ 2,117	$15,271
Total noninterest expense	$ 3,381	$ 8,349
Loss from continuing operations before income tax expense	$(2,260)	$ 4,737
Income tax expense from continuing operations	$ 972	$ (136)
Net income (loss) from continuing operations	$(3,232)	$ 4,873
Loss from discontinued operations, net of tax	$(1,346)	$ (3,005)
Net income (loss)	$(4,578)	$ 1,868

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	June 30, 2009
Condensed Consolidated Balance Sheet	
Loans held for sale	$ 11,440
Total finance receivables and loans, net	$ 87,520
Investment in operating leases, net	$ 21,597
Other assets	$ 22,932
Total assets	$181,248
Total debt	$105,175
Accrued expenses and other liabilities	$ 41,363
Total liabilities	$155,202
Preferred stock held by UST	$ 12,500
Preferred stock	$ 1,287
Total equity	$ 26,046

Ally Financial – Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Note 12. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor			
	Estimated Useful Lives (Years)	December 31, 2010	Estimated Useful Lives (Years)	December 31, 2009
Land	—	$ 2,536	—	$ 2,602
Buildings and land improvements	2-40	4,324	2-40	4,292
Machinery and equipment	3-30	8,727	3-30	6,686
Construction in progress	—	1,754	—	1,649
Real estate, plants, and equipment		17,341		15,229
Less accumulated depreciation		(3,277)		(1,285)
Real estate, plants, and equipment, net		14,064		13,944
Special tools, net	1-13	5,171	1-13	4,743
Total property, net		$19,235		$18,687

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Capitalized interest	$62	$21	$28	$576

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Capitalized software in use, net	$287	$263
Capitalized software in the process of being developed	$ 96	$ 81

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation and impairment of long-lived assets	$1,988	$1,355	$4,352	$4,863
Amortization and impairment of special tools	1,826	865	2,139	3,493
Total depreciation, impairment charges and amortization expense	$3,814	$2,220	$6,491	$8,356
Capitalized software amortization expense (a)	$ 195	$ 132	$ 136	$ 209

(a) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. We recorded incremental depreciation and amortization of $18 million and $20 million in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion and $0.8 billion in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Note 13. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$3,335	$771	$157	$30,672	$ —	$30,672
Reporting unit reorganization (b)	—	(82)	82	—	—	—	—
Goodwill acquired (c)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Accumulated impairment charges	—	—	—	—	—	—	—
Goodwill	$26,394	$3,053	$901	$165	$30,513	$1,265	$31,778

	Successor					
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	Total
Balance at July 10, 2009 (d)	$26,348	$3,262	$713	$141	$30,464	$30,464
Goodwill acquired	61	—	—	—	61	61
Effect of foreign currency translation and other	—	73	71	16	160	160
Goodwill included in Assets held for sale	—	—	(13)	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	771	157	30,672	30,672
Accumulated impairment charges	—	—	—	—	—	—
Goodwill	$26,409	$3,335	$771	$157	$30,672	$30,672

(a) Reflects the revised segment presentation for our newly created GMSA segment. Refer to Note 35 for additional information.

(b) In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment. Goodwill was reassigned between reporting units on a relative-fair-value basis.

(c) On October 1, 2010 our acquisition of AmeriCredit became effective. Pursuant to ASC 805 we assigned fair value to all assets, including identifiable intangible assets, and liabilities acquired. Subsequent to assigning fair values and recording deferred income taxes in accordance with ASC 740, a residual amount of $1.3 billion was recorded as Goodwill. Goodwill includes $153 million that was recorded at the acquisition date to establish a valuation allowance for deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(d) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. However, when applying fresh-start reporting, certain accounts, primarily employee benefit plan and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in Goodwill. These valuation allowances were due in part to Old GM's history of recurring operating losses, and our projections at the 363 Sale date of continued near-term operating losses in certain jurisdictions. While the 363 Sale constituted a significant restructuring that eliminated many operating and financing costs, Old GM had undertaken significant restructurings in the past that failed to return certain jurisdictions to profitability. At the 363 Sale date, we concluded that there was significant uncertainty as to whether the recent restructuring actions would return these jurisdictions to sustained profitability, thereby necessitating the establishment of a valuation allowance against certain deferred tax assets. None of the goodwill from this transaction is deductible for tax purposes.

In the three months ended December 31, 2010 and 2009 we performed our annual goodwill impairment analysis of our reporting units at October 1, 2010 and 2009, and in the three months ended June 30, 2010 an event-driven impairment analysis for GME which resulted in no goodwill impairment charges.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures.

Our fair value estimate assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Refer to Note 26 for additional information on goodwill impairments in prior periods.

Note 14. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,751	$3,650	$ 4,101	4	$ 7,741	$1,460	$ 6,281
Brands	37	5,439	222	5,217	38	5,508	72	5,436
Dealer network and customer relationships	20	2,172	199	1,973	21	2,205	67	2,138
Favorable contracts	26	526	120	406	24	542	39	503
Other	2	19	9	10	3	17	3	14
Total amortizing intangible assets	21	15,907	4,200	11,707	20	16,013	1,641	14,372
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$16,082	$4,200	$11,882		$16,188	$1,641	$14,547

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Amortization expense related to intangible assets	$2,560	$1,584	$44	$83

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 26 for additional information on the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2011	$1,785
2012	$1,560
2013	$1,227
2014	$ 611
2015	$ 314

Note 15. Restricted Cash and Marketable Securities

Automotive

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Funds previously held in the UST Credit Agreement and currently held in the Canadian Health Care Trust (HCT) escrow and other accounts have been invested in government securities and money market funds in accordance with the terms of the escrow agreements. At December 31, 2010 and 2009 we held securities of $1.5 billion and $14.2 billion that were classified as Restricted cash and marketable securities. Refer to Note 24 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of automotive Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current		
UST Credit Agreement (a)	$ —	$12,475
Canadian Health Care Trust (b)	1,008	955
Receivables Program (c)	—	187
Securitization trusts	6	191
Pre-funding disbursements	32	94
Other (d)	194	15
Total current automotive Restricted cash and marketable securities	1,240	13,917
Non-current		
Collateral for insurance related activities	588	658
Other non-current (d)	572	831
Total automotive Restricted cash and marketable securities	$2,400	$15,406

(a) In April 2010 the UST Loans and Canadian Loan were paid in full and funds remaining in escrow were no longer subject to restrictions.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund certain of its healthcare obligations.

(c) The Receivables Program provided financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us. In April 2010 the Receivable Program was terminated in accordance with its terms.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing

Cash subject to contractual restrictions and not readily available is classified as restricted cash.

The following table summarizes the components of automotive financing restricted cash (dollars in millions):

	Successor
	December 31, 2010
Restricted cash — securitization notes payable (a)	$ 926
Restricted cash — credit facilities (a)	131
Restricted cash — other (b)	33
Total automotive financing restricted cash	$1,090

(a) Cash pledged to support securitization transactions and credit facilities is invested in highly liquid securities with original maturities of 90 days or less or in highly rated guaranteed investment contracts.

(b) Other restricted cash is pledged in association with derivative transactions.

Note 16. Other Assets

Automotive

The following table summarizes the components of Other assets (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Investment in Ally Financial common stock	$ 964	$ 970
Investment in Ally Financial preferred stock	665	665
Notes receivable (a)	465	149
Taxes other than income taxes	299	297
Derivative assets	44	44
Other	849	498
Total other assets	$3,286	$2,623

(a) At December 31, 2010 a note receivable of $245 million is included related to the sale of GM India. Refer to Note 5 for additional information.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 17. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are or Old GM was the primary beneficiary primarily include: (1) previously divested suppliers for which we provide or Old GM provided guarantees or financial support; (2) a program announced by the UST in March 2009 to provide financial assistance to automotive suppliers (Receivables Program); (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which Old GM provided residual guarantees; and (5) an entity which manages certain private equity investments held by our and Old GM's defined benefit plans, along with seven associated general partner entities.

Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit. In the event that creditors or beneficial interest holders were to have such recourse to our or Old GM's general credit, we or Old GM could be held liable for certain of the VIEs' obligations. GM Daewoo Auto & Technology Co. (GM Daewoo), a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Daewoo's short-term debt of $70 million, preferred shares classified as long-term debt of $835 million and current derivative liabilities of $111 million at December 31, 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to Korean Development Bank, a minority shareholder in GM Daewoo, to redeem GM Daewoo's preferred shares should GM Daewoo not have sufficient legally distributable earnings.

The following table summarizes the carrying amount of consolidated VIEs that we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor	
	December 31, 2010 (a)(b)	December 31, 2009 (a)
Assets		
Cash and cash equivalents	$145	$ 15
Restricted cash and marketable securities	1	191
Accounts and notes receivable, net	121	14
Inventories	108	15
Other current assets	14	—
Property, net	44	5
Other assets	48	33
Total assets	$481	$273
Liabilities		
Accounts payable (principally trade)	$226	$ 17
Short-term borrowings and current portion of long-term debt	5	205
Accrued liabilities	34	10
Other liabilities	42	23
Total liabilities	$307	$255

(a) Amounts exclude GM Daewoo.

(b) At December 31, 2010 GM Egypt had Total assets of $401 million and Total liabilities of $277 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded in earnings related to consolidated VIEs we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)(b)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (a)	Year Ended December 31, 2008 (a)
Total net sales and revenue	$753	$41	$ 31	$ 40
Automotive cost of sales	623	8	(1)	5
Automotive selling, general administrative expense	34	8	5	(11)
Other automotive expenses, net	3	9	10	19
Automotive interest expense	6	14	22	—
Interest income and other non-operating income, net	6	—	—	—
Reorganization loss, net	—	—	26	—
Income tax expense	11	1	—	—
Equity income, net of tax	2	—	—	—
Net income (loss)	$ 84	$ 1	$(31)	$ 27

(a) Amounts exclude GM Daewoo.

(b) In the year ended December 31, 2010 GM Egypt recorded Total net sales and revenue of $714 million.

GM Egypt

GM Egypt, of which we own 31%, is an automotive manufacturing organization that was previously accounted for using the equity method of accounting. GM Egypt was founded in March 1983 to assemble and manufacture vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. In connection with our adoption of amendments to ASC 810, we consolidated GM Egypt in January 2010.

Receivables Program

At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. The equity interests held by Old GM and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plants, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million, increasing our ownership interest from 50% to 100%. CAMI is a wholly-owned subsidiary and therefore not included in the previous tabular disclosure.

Automotive Financing

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts which are structured without recourse.

GM Financial's continuing involvement with the credit facilities and securitization trusts includes servicing loans held by the SPEs and holding a residual interest in the SPE. The SPEs are considered VIEs because they do not have sufficient equity at risk, and are consolidated because GM Financial is the primary beneficiary and has the power over those activities that most significantly affect the economic performance of the SPEs, and has an obligation to absorb losses or the right to receive benefits from the SPEs which are potentially significant. Refer to Notes 6, 7 and 19 for additional information on GM Financial's involvement with the SPEs.

GM Financial is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The finance receivables and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 6 and 7 for disclosures related to the amounts held by the SPEs as of the balance sheet dates.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated because we are not or Old GM was not the primary beneficiary primarily include: (1) troubled suppliers for which we provide or Old GM provided guarantees or financial support; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles and related services; (3) leasing entities for which residual value guarantees were made; (4) certain research entities for which annual ongoing funding requirements exist; and (5) Ally Financial.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production are not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we provide and Old GM provided include, but are not limited to: (1) funding in the form of a loan; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price increases or changes in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs is not expected to be in excess of the amount of net accounts and notes receivable recorded with the suppliers and any related guarantees and loan commitments.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. The majority of these joint ventures are typically self-funded and financed with no contractual terms that require us to provide future financial support. Future funding is required for HKJV, as subsequently discussed. The maximum exposure to loss is not expected to be in excess of the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates, and any related capital funding requirements.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 32 (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Carrying Amount	Maximum Exposure to Loss (a)	Carrying Amount	Maximum Exposure to Loss (a)
Assets				
Accounts and notes receivable, net	$108	$108	$ 8	$ 8
Equity in net assets of nonconsolidated affiliates	274	274	96	50
Other assets	60	59	26	26
Total assets	$442	$441	$130	$ 84
Liabilities				
Accounts payable (principally trade)	$ 1	$ —	$ —	$ —
Other liabilities	44	—	—	—
Total liabilities	$ 45	$ —	$ —	$ —
Off-Balance Sheet				
Residual value guarantees		$ —		$ 32
Loan commitments (b)		100		115
Other guarantees		3		4
Other liquidity arrangements (c)		223		—
Total guarantees and liquidity arrangements		$326		$151

(a) Amounts at December 31, 2010 and 2009 included $148 million and $139 million related to troubled suppliers.

(b) Amounts at December 31, 2010 and 2009 include undrawn loan commitments, primarily $100 million related to American Axle and Manufacturing Holdings, Inc. (American Axle).

(c) Amounts at December 31, 2010 include capital funding requirements, primarily an additional contingent future funding requirement of up to $223 million related to HKJV.

Stated contractual voting or similar rights for certain of our joint venture arrangements provide various parties with shared power over the activities that most significantly affect the economic performance of certain nonconsolidated VIEs. Such nonconsolidated VIEs are operating joint ventures located in developing international markets.

American Axle

In September 2009 we paid $110 million to American Axle, a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquire warrants to purchase 4 million shares of American Axle's common stock. We also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of American Axle that most significantly affect its economic performance. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which expose us to possible future losses depending on the financial performance of American Axle. At December 31, 2010 no amounts were outstanding under the second lien term loan facility. At December 31, 2010 our maximum contractual exposure to loss related to American Axle was $144 million, which represented the fair value of the warrants of $44 million and the potential

exposure of $100 million related to the second lien term loan facility. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

Ally Financial

We own 9.9% of Ally Financial's common stock and preferred stock with a liquidation preference of $1.0 billion. Ally Financial is a VIE as it does not have sufficient equity at risk; however, we are not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of Ally Financial that most significantly affect its economic performance. Refer to Notes 11 and 32 for additional information on our investment in Ally Financial, our significant agreements with Ally Financial and our maximum exposure under those agreements.

Saab

Our primary variable interest in Saab is the preference shares that we received in connection with the sale, which have a face value of $326 million and were recorded at an estimated fair value that is insignificant. We concluded that Saab is a VIE as it does not have sufficient equity at risk. We also determined that we are not the primary beneficiary because we lack the power to direct those activities that most significantly affect its economic performance. We continue to be obligated to fund certain Saab related liabilities, primarily warranty obligations related to vehicles sold prior to the disposition of Saab. At December 31, 2010 our maximum exposure to loss related to Saab was $105 million. Refer to Note 5 for additional information on the sale of Saab.

HKJV

In December 2009 we established the HKJV operating joint venture to invest in automotive projects outside of China, initially focusing on markets in India. HKJV purchased GM India in February 2010. We determined that HKJV is a VIE because it will require additional subordinated financial support, and we determined that we are not the primary beneficiary because we share the power with SAIC-HK to direct those activities that most significantly affect HKJV's economic performance. Refer to Note 5 for additional information on HKJV.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 18. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities, other liabilities and deferred income taxes:

	Successor	
	December 31, 2010	December 31, 2009
Current		
Dealer and customer allowances, claims and discounts	$ 6,885	$ 6,444
Deposits from rental car companies	5,037	4,583
Deferred revenue	1,104	892
Policy, product warranty and recall campaigns	2,587	2,965
Payrolls and employee benefits excluding postemployment benefits	2,141	1,325
Insurance reserves	245	243
Taxes other than income taxes	1,083	1,031
Derivative liability	115	568
Postemployment benefits including facility idling reserves	672	985
Interest	48	142
Pensions	425	430
Income taxes	702	219
Deferred income taxes	23	57
Other	2,352	2,404
Total accrued liabilities	$23,419	$22,288
Non-current		
Dealer and customer allowances, claims and discounts	$ 344	$ 1,311
Deferred revenue	753	480
Policy, product warranty and recall campaigns	4,202	4,065
Payrolls and employee benefits excluding postemployment benefits	1,549	1,818
Insurance reserves	285	269
Derivative liability	7	146
Postemployment benefits including facility idling reserves	1,574	1,944
Income taxes	650	944
Deferred income taxes	1,207	807
Other	2,450	1,495
Total other liabilities and deferred income taxes	$13,021	$13,279

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,030	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	3,204	1,388	1,069	4,277
Payments	(3,662)	(1,797)	(1,851)	(5,068)
Adjustments to pre-existing warranties	210	66	(153)	294
Effect of foreign currency translation	7	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	(77)	—
Ending balance	6,789	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 6,789	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 19. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of automotive short-term debt and current portion of long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
UST Loans	$ —	$ 5,712
Canadian Loan	—	1,233
GM Daewoo Revolving Credit Facility	—	1,179
Short-term debt — third parties	80	296
Short-term debt— related parties (a)	1,043	1,077
Current portion of long-term debt	493	724
Total automotive short-term debt and current portion of long-term debt	$ 1,616	$ 10,221
Available under short-term line of credit agreements (b)	$ 445	$ 220
Interest rate range on outstanding short-term debt (c)	0.0 –16.7%	0.0 –19.0%
Weighted-average interest rate on outstanding short-term debt (d)	5.7%	6.5%

(a) Primarily dealer financing from Ally Financial for dealerships we consolidate.

(b) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

(c) Includes zero coupon debt.

(d) Includes coupon rates on debt denominated in various foreign currencies.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of automotive long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
VEBA Notes	$ —	$2,825
Other long-term debt	3,507	3,461
Total debt	3,507	6,286
Less current portion of long-term debt	(493)	(724)
Total automotive long-term debt	$3,014	$5,562
Available under long-term line of credit agreements (a)	$5,474	$ 398

(a) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

Automotive Financing

The following table summarizes the components of GM Financial debt (dollars in millions):

	Successor
	December 31, 2010
Credit facilities	
Medium-term note facility	$ 490
Syndicated warehouse facility	278
Bank funding facilities	64
Total credit facilities	832
Securitization notes payable	6,128
Senior notes and convertible senior notes (a)	72
Total GM Financial debt	$7,032

(a) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Automotive

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the

ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;
- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for a facility of this nature.

UST Loans and UST Loan Agreement

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, there was no deposit remaining in escrow at December 31, 2010.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. In

March 2010 and December 2009 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account.

While we have repaid the UST Loans in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The following table summarizes interest expense and interest paid on the UST Loans, the loans under the UST Loan Agreement (UST Loan Facility) and the DIP Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$117	$226	$4,006
Interest paid	$206	$137	$ 144

(a) UST Loans.

(b) UST Loan Facility and the DIP Facility.

VEBA Notes

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion to the New VEBA. The VEBA Notes had an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest were contractually scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017.

The obligations under the VEBA Note Agreement were secured by substantially all of our U.S. assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

The following table summarizes interest expense on the VEBA Notes (dollars in millions):

	Successor
	Year Ended December 31, 2010
Interest expense	$166

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes interest expense and interest paid on the Canadian Loan and the EDC Loan Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$26	$46	$173
Interest paid	$26	$46	$ 6

(a) Canadian Loan.

(b) EDC Loan Facility.

GM Daewoo Revolving Credit Facility

GM Daewoo's revolving credit facility was a Korean Won denominated facility secured by substantially all of GM Daewoo's property, plants, and equipment. Amounts borrowed under this facility accrued interest based on the Korean Won denominated 91-day certificate of deposit rate. The facility was used by GM Daewoo for general corporate purposes, including working capital needs. During 2010 GM Daewoo repaid in full its KRW 1.4 trillion (equivalent of $1.2 billion at the time of payment) revolving credit facility.

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into). In November 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$32	$ 5
Interest paid	$37	$—

Other Long-Term Debt

	Successor	
	December 31, 2010	December 31, 2009
Unsecured debt	$1,985	$1,228
Secured debt	868	1,540
Capital leases	654	693
Total other long-term debt (a)	$3,507	$3,461
Weighted-average coupon rate	2.7%	5.8%

(a) Net of a $1.9 billion and $1.6 billion discount at December 31, 2010 and 2009.

Technical Defaults and Covenant Violations

Several of our loan facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2010.

Automotive Financing

Credit Facilities

The following table summarizes details regarding terms and availability of GM Financial's credit facilities at December 31, 2010 (in millions):

	Facility Amount	Advances Outstanding	Finance Receivables Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$1,300	$278	$409	$ 8
Medium-term note facility (c)		490	539	95
Bank funding facilities (d)		64	—	—
		$832	$948	$103

(a) These amounts do not include cash collected on finance receivables pledged of $28 million which is included in GM Financial Restricted cash at December 31, 2010.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(d) The revolving period under this facility has ended and the outstanding balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial's credit facilities are administered by agents on behalf of institutionally managed commercial paper or medium-term note conduits. Under these funding agreements, GM Financial transfers finance receivables to its special purpose financing trusts. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to GM Financial in consideration for the transfer of finance receivables. These subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by these subsidiaries and are not available to GM Financial's creditors or their other subsidiaries. Advances under the funding agreements bear interest at commercial paper, London Interbank Offered Rates (LIBOR) or prime rates plus a credit spread and specified fees depending upon the source of funds provided by the agents.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an

event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2010 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 15 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase price premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2010 unamortized purchase price premium of $107 million is included in Securitization notes payable.

The following table summarizes securitization notes payable at December 31, 2010 (dollars in millions):

Transaction	Maturity Dates (a)	Original Note Amounts	Original Weighted Average Interest Rates	Total Receivables Pledged	Note Balance
2006	May 2013 – January 2014	$ 945 -1,350	5.2% - 5.6%	$ 600	$ 537
2007	October 2013 – March 2016	$1,000 -1,500	5.2% - 5.5%	1,715	1,610
2008 (b)	October 2014 – April 2015	$ 500 - 750	6.0% -10.5%	911	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	715	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	3,014	2,683
BV2005 (c)	May 2012 – June 2014	$ 186 - 232	4.6% - 5.1%	27	28
LB2006 (c)	May 2013 – January 2014	$ 450 - 500	5.0% - 5.4%	174	168
				$7,156	$6,021
Purchase accounting premium					107
Total securitization notes payable					$6,128

(a) Maturity date represents final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

(b) Note balance does not include asset-backed securities of $65 million pledged to the bank funding facilities.

(c) Transactions relate to certain special purpose financing trusts acquired by GM Financial.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2010 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Senior Notes and Convertible Senior Notes

As a result of the acquisition of AmeriCredit, the holders of the senior notes and the convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. The repurchase dates for any notes tendered to GM Financial pursuant to procedures previously delivered to holders of senior notes and convertible senior notes were December 3, 2010 with respect to the senior notes, and December 10, 2010 with respect to the convertible senior notes. The repurchase price with respect to the senior notes is 101% of the principal amount of the notes plus accrued interest, and the repurchase price with respect to the convertible senior notes is the principal amount of the notes plus accrued interest. Pursuant to the terms of the convertible senior notes indentures a payment of $0.69 per $1,000 of principal amount of the convertible senior notes due in 2011 and $0.81 per $1,000 of principal amount of the convertible senior notes due in 2013 was made to those who elected to convert as a result of the acquisition. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes of $461 million and senior notes of $2 million.

Long-Term Debt Maturities

Consolidated

The following table summarizes long-term debt maturities including capital leases (dollars in millions):

	At December 31,		
	Automotive	Automotive Financing (a)	Total
2011	$ 493	$3,495	$ 3,988
2012	752	1,998	2,750
2013	400	660	1,060
2014	132	423	555
2015	128	343	471
Thereafter	3,506	—	3,506
	$5,411	$6,919	$12,330

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2010 future interest payments on automotive capital lease obligations was $564 million. GM Financial does not have capital lease obligations at December 31, 2010.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest accrued or paid (a)	$176	$427
Amortization of discounts	51	136
Interest expense	$227	$563

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 20. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for the participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008, and we reinstated the matching contribution for

the S-SPP in October 2009. The contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date on or after January 1, 1993 was discontinued effective on January 1, 2010. For eligible U.S. salaried employees with a service commencement date on or after January 1, 2001 a retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided. Contributions are also made to certain non-U.S. defined contribution plans. Certain U.S. hourly employees are not eligible for postretirement healthcare. Such employees receive a $1.00 per compensated hour contribution into their Personal Saving Plan account.

The following table summarizes contributions to defined contribution plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total contributions	$241	$100	$70	$297

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

Significant interim remeasurements are included in the change in benefit obligation for the year ended December 31, 2010. There were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act was signed into law in March 2010 and contains provisions that require all future reimbursement receipts under the Medicare Part D retiree drug subsidy program to be included in taxable income. This taxable income inclusion will not significantly affect us because effective January 1, 2010 we no longer provide prescription drug coverage to post-age 65 Medicare-eligible participants and we have a full valuation allowance against our net deferred tax assets in the U.S. We have assessed the other provisions of this new law, based on information known at this time and we have included the effect, which is not significant, in our benefit obligations at December 31, 2010.

Expected Contributions

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at approximately $2.2 billion for funding purposes. This was a voluntary contribution that is above our minimum funding requirements of the pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. We are evaluating whether we will make additional voluntary contributions to our U.S. pension plans in 2011. We expect to contribute $95 million to our U.S. non-qualified pension plans and $740 million to our non-U.S. pension plans in 2011.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the significant defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

Successor — July 10, 2009 Through December 31, 2009							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (b)	U.S. hourly defined benefit pension plan	—	—	$ 58	$—	$ —	$ (58)
Global salaried workforce reductions (b)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 UAW Retiree Settlement Agreement — December	UAW hourly retiree medical plan	—	—	(22,654)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November (c)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree healthcare plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August (c)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$(17,563)	$—	$(2,571)	$(233)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost and benefit payments. Excludes effect of asset returns that are higher or lower than expected.

(b) Reflects the effect on PBO. There was no remeasurement.

(c) Includes reclassification of contingent liability to benefit plan obligation.

Predecessor							
January 1, 2009 Through July 9, 2009							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$(1,390)	$—	$(12)
Global salaried workforce reductions — June	U.S. salaried defined benefit pension plan			24	(327)	—	—
U.S. salaried benefits changes — February	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June	U.S. salaried retiree healthcare program			(265)	—	—	—
2009 CAW Agreement — June	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$(457)	$(1,624)	$—	$(38)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost, benefit payments and effect of foreign currency translation. Excludes effect of asset returns that are higher or lower than expected.

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions, settlements of pre-bankruptcy claims with various represented employee groups and plan amendments resulted in plan remeasurements as follows:

- Special attrition programs resulted in a reduction in the hourly workforce;
- Global salaried workforce actions reduced employment;
- The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the hourly Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements; and
- U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 we and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of

ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred on December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT,

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 72	$ —	$ —
Current liability	(93)	(332)	(440)	(185)
Non-current liability	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (a)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$(10,347)	$ (5,757)	$(3,797)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Non-current liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$(10,347)	$ (5,757)	$(3,797)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,803	$ (833)	$ (212)	$ (65)
Net prior service credit	13	9	1	89
Total recorded in Accumulated other comprehensive income (loss)	$ 3,816	$ (824)	$ (211)	$ 24

(a) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,135	$ 19,995	$ 39,960	$ 2,930
Service cost	243	155	69	12
Interest cost	3,077	596	1,615	102
Plan participants' contributions	—	8	169	—
Amendments	(8)	(584)	(705)	(482)
Actuarial (gains) losses	(260)	959	77	436
Benefits paid	(5,319)	(769)	(2,115)	(90)
Medicare Part D receipts	—	—	150	—
Foreign currency translation adjustments	—	856	—	159
Curtailments, settlements, and other	1,559	(76)	8	(15)
Ending benefit obligation	97,427	21,140	39,228	3,052
Effect of application of fresh-start reporting	585	252	(11,589)	368
Ending benefit obligation including effect of application of fresh-start reporting	98,012	21,392	27,639	3,420
Change in plan assets				
Beginning fair value of plan assets	84,545	8,086	9,969	—
Actual return on plan assets	(203)	227	444	—
Employer contributions	57	529	1,947	90
Plan participants' contributions	—	8	169	—
Benefits paid	(5,319)	(769)	(2,115)	(90)
Foreign currency translation adjustments	—	516	—	—
Other	41	(197)	(10)	—
Ending fair value of plan assets	79,121	8,400	10,404	—
Effect of application of fresh-start reporting	(628)	216	298	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	8,616	10,702	—
Ending funded status	(18,306)	(12,740)	(28,824)	(3,052)
Effect of application of fresh-start reporting	(1,213)	(36)	11,887	(368)
Ending funded status including effect of application of fresh-start reporting	$(19,519)	$(12,776)	$(16,937)	$(3,420)
Amounts recorded in the consolidated balance sheet				
Non-current assets	$ —	$ 97	$ —	$ —
Current liability	(74)	(339)	(1,809)	(147)
Non-current liability	(19,445)	(12,534)	(15,128)	(3,273)
Net amount recorded	$(19,519)	$(12,776)	$(16,937)	$(3,420)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$(38,007)	$ (7,387)	$ (1,631)	$(1,005)
Net prior service credit (cost)	(1,644)	754	5,028	860
Transition obligation	—	(7)	—	—
Total recorded in Accumulated other comprehensive income (loss)	(39,651)	(6,640)	3,397	(145)
Effect of application of fresh-start reporting	39,651	6,640	(3,397)	145
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ —	$ —	$ —

In the year ended December 31, 2010 we experienced actual return on plan assets on our U.S. pension plan assets of $11.6 billion compared to expected returns of $6.6 billion that were recognized as a component of our net pension expense. As a result of the U.S. hourly defined benefit pension plan interim remeasurement, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurement. The market related value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2010 is $4.1 billion lower than

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the actual fair value of plan assets for U.S. pension plans and $319 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not be fully reflected in net pension expense in the year ending December 31, 2011. Refer to Note 4 for additional information on our use of the market-related value of plan assets accounting policy.

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$103,110	$24,371	$101,397	$23,615
Plans with ABO in excess of plan assets				
ABO	$103,090	$23,519	$101,397	$22,708
Fair value of plan assets	$ 90,983	$13,959	$ 84,500	$12,721
Plans with PBO in excess of plan assets				
PBO	$103,375	$24,350	$101,571	$23,453
Fair value of plan assets	$ 90,983	$14,419	$ 84,500	$13,008

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense for the year ended December 31 (b)				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	—
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $97 million.

(b) Determined at the beginning of the period and updated for remeasurements.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for the year ended December 31(b)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Components of expense								
Service cost	$ 243	$ 527	$ 155	$ 410	$ 69	$ 241	$ 12	$ 32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Expected return on plan assets	(3,810)	(8,043)	(364)	(969)	(444)	(1,281)	—	—
Amortization of prior service cost (credit)	429	1,077	(12)	407	(1,051)	(1,918)	(63)	(86)
Amortization of transition obligation	—	—	2	6	—	—	—	—
Recognized net actuarial loss	715	317	193	275	32	508	23	110
Curtailments, settlements, and other losses (gains)	1,720	3,823	97	270	21	(3,476)	(123)	11
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 667	$ 1,668	$ 242	$(2,407)	$ (49)	$ 292
Weighted-average assumptions used to determine benefit obligations at period end								
Discount rate	5.86%	6.27%	5.82%	6.22%	6.86%	8.25%	5.47%	7.00%
Rate of compensation increase	3.94%	5.00%	3.23%	3.59%	1.48%	2.10%	4.45%	4.45%
Weighted-average assumptions used to determine net expense for the period (a)								
Discount rate	6.27%	6.56%	6.23%	5.77%	8.11%	7.02%	6.77%	5.90%
Expected return on plan assets	8.50%	8.50%	7.74%	7.78%	8.50%	8.40%	—	—
Rate of compensation increase	5.00%	5.00%	3.08%	3.59%	1.87%	3.30%	4.45%	4.00%

(a) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans(a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	-$25	-$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated above market returns.

In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated assumptions for equities and equity-like asset classes. This analysis included a study of capital market assumptions and the selection of a policy portfolio that is optimal in the context of the plans' fiduciaries objectives. The selected portfolio is composed of a number of asset classes with favorable return characteristics including: a significant allocation to debt securities with credit exposure, some of which have expected returns that are similar to that of equities, significant exposures to private market securities (equity, debt, and real estate) and absolute return strategies (i.e., hedge fund strategies with low exposure to market risks). The expected long-term rate of return assumption is enhanced by these diversified strategies and is consistent with the long-term historical return for the U.S. plans.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans, and the rate of 7.42% for the year ended December 31, 2010 is a weighted-average of all of the funded non-U.S. plans.

Target Allocation Percentages

Minor changes were made to the U.S. target allocation percentages by asset category as a result of the asset and liability study that was approved in December 2010.

An asset and liability study conducted of the Canadian plans' target allocation percentages was approved by GMCL's Board of Directors and became effective in July 2010. Significant changes were made to the target allocation percentages by asset category as a result of this study. The study was generated following a contribution to the Canadian plans in September 2009 of CAD $4.0 billion which improved the funded position. A less aggressive asset mix was implemented to preserve this position by shifting the target allocation away from return seeking equity type assets toward a liability hedging strategy that utilizes more fixed income assets.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity securities	29.0%	36.0%	28.0%	64.0%
Debt securities	41.0%	48.0%	42.0%	24.0%
Real estate	8.0%	9.0%	9.0%	9.0%
Other (a)	22.0%	7.0%	21.0%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

(a) Includes private equity and absolute return strategies.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension Plan Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ —	$ 620	$ —	$ 620	$ 620
Common and preferred stocks	—	—	—	—	2,781	13	—	2,794	2,794
Government and agency debt securities (a)	—	—	—	—	—	3,410	4	3,414	3,414
Corporate debt securities (b)	—	—	—	—	—	1,964	41	2,005	2,005
Agency mortgage and asset-backed securities	—	—	—	—	—	44	—	44	44
Non-agency mortgage and asset-backed securities	—	—	—	—	—	86	—	86	86
Private equity and debt investments	—	—	—	—	—	—	169	169	169
Real estate assets	—	—	—	—	—	—	926	926	926
Derivatives	—	—	—	—	—	75	—	75	75
Total direct investments	—	—	—	—	2,781	6,212	1,140	10,133	10,133
Investment funds									
Cash equivalent funds	—	—	—	—	—	97	—	97	97
Equity funds	—	12,395	—	12,395	2	2,001	200	2,203	14,598
Fixed income funds	—	9,339	—	9,339	—	1,085	—	1,085	10,424
Multi-strategy funds	—	2,544	—	2,544	—	34	—	34	2,578
Real estate funds	—	—	—	—	11	39	337	387	387
Other investment funds (c)	—	—	—	—	—	—	432	432	432
Total investment funds	—	24,278	—	24,278	13	3,256	969	4,238	28,516
Other	—	—	—	—	—	104	281	385	385
Total assets before Investment Trusts	—	24,278	—	24,278	2,794	9,572	2,390	14,756	39,034
Liabilities									
Derivatives	—	—	—	—	—	(52)	—	(52)	(52)
Total liabilities before Investment Trusts	—	—	—	—	—	(52)	—	(52)	(52)
Net assets before Investment Trusts	$ —	$24,278	$ —	24,278	$2,794	$9,520	$2,390	14,704	38,982
Investment Trusts (d)				66,918				—	66,918
Total net assets and Investment Trusts				91,196				14,704	105,900
Other plan assets and liabilities (e)				(189)				199	10
Net plan assets				$91,007				$14,903	$105,910

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stocks	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets	—	—	—	—	14	—	825	839	839
Derivatives	—	—	—	—	—	66	—	66	66
Total direct investments	—	—	—	—	3,248	5,308	1,132	9,688	9,688
Investment funds									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
Fixed income funds	—	9,643	4,221	13,864	—	1,012	—	1,012	14,876
Multi-strategy funds	—	2,337	—	2,337	—	18	—	18	2,355
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other investment funds (c)	—	—	—	—	—	8	95	103	103
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Total assets before Investment Trusts	—	27,391	4,221	31,612	3,268	9,166	1,519	13,953	45,565
Liabilities									
Derivatives	—	—	—	—	—	(43)	—	(43)	(43)
Total liabilities before Investment Trusts	—	—	—	—	—	(43)	—	(43)	(43)
Net assets before Investment Trusts	$ —	$27,391	$4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (d)				53,043				—	53,043
Total net assets and Investment Trusts				84,655				13,910	98,565
Other plan assets and liabilities (e)				(155)				117	(38)
Net plan assets				$84,500				$14,027	$98,527

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following table summarizes the fair value of derivative assets and liabilities owned by the non-U.S. plans by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Foreign currency contracts	$ 56	$ 66
Equity contracts	19	—
Total derivative assets	75	66
Derivative liabilities		
Foreign currency contracts	(45)	(43)
Equity contracts	(7)	—
Total derivative liabilities	(52)	(43)
Total net derivative assets	$ 23	$ 23

The following tables summarize the activity for U.S. plan assets classified in Level 3, other than assets held in Investment Trusts (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Fixed income funds	$4,221	$—	$—	$—	$(4,221)	$—

	Successor					
	July 10 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Fixed income funds	$5,488	$910	$158	$(2,335)	$—	$4,221

	Predecessor					
	January 1 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Fixed income funds	$4,508	$998	$ 7	$ (25)	$—	$5,488

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Successor						
	Year Ended December 31, 2010						
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2010
Direct investments							
Government and agency debt securities	$ 65	$ 1	$ (3)	$ (13)	$ (46)	$ —	$ 4
Corporate debt securities	109	2	—	(35)	(38)	3	41
Agency mortgage and asset- backed securities	7	—	—	—	(7)	—	—
Non-agency mortgage and asset-backed securities	16	10	(11)	(5)	(10)	—	—
Private equity and debt investments	110	15	—	36	—	8	169
Real estate assets	825	29	1	22	7	42	926
Total direct investments	1,132	57	(13)	5	(94)	53	1,140
Investment funds							
Equity funds	75	30	2	(72)	155	10	200
Real estate funds	217	28	(1)	101	—	(8)	337
Other investment funds	95	44	—	68	212	13	432
Total investment funds	387	102	1	97	367	15	969
Other investments	—	17	—	(9)	253	20	281
Total non-U.S. plan assets	$1,519	$176	$(12)	$ 93	$526	$ 88	$2,390

	Successor						
	July 10, 2009 Through December 31, 2009						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset-backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$1,308	$ 11	$(15)	$ 68	$ 42	$105	$1,519

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	January 1, 2009 Through July 9, 2009						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments							
Government and agency debt securities	$ —	$ —	$—	$ 4	$ 4	$—	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset-backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$1,350	$(152)	$ (2)	$31	$ (1)	$82	$1,308

Transfers In and/or Out of Level 3

In the year ended December 31, 2010, fixed income funds of $4.2 billion within the U.S. plan assets were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

There were no significant transfers in and/or out of Level 3 within the non-U.S. plan assets.

Fund Investment Strategies

Cash equivalent funds asset class includes funds that primarily invest in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities.

Equity funds asset class includes funds that primarily invest in U.S. equities as well as equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative, and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds asset class includes investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds primarily invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds primarily invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds typically invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds asset class includes funds that primarily invest in a portfolio of alternative investment funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of alternative investment funds and/or investment managers.

Global macro funds asset class includes funds that primarily enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies, and physical commodities markets while minimizing downside risk. Global macro managers employ a global approach and may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds asset class includes funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks), and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Real estate funds asset class includes funds that primarily invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category typically employ single strategies such as event-driven or relative value.

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans were 99.0% and 97.4% on a combined basis at December 31, 2010 and 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. pension plans' funded beneficial interest	$66,918	$53,043
OPEB 401(h) plans' funded beneficial interest	—	3
Interests held in trusts by plans of other employers	646	969
Total fair value of underlying assets of Investment Trusts	67,564	54,015
Less:		
Cash	(2,828)	(3,022)
Net non-security (assets) liabilities	126	(323)
Net assets of the Investment Trusts	$64,862	$50,670

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the fair value of the underlying net assets by asset class held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor			
	Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2010 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 6,920	$ —	$ 6,920
Common and preferred stocks	6,756	788	64	7,608
Government and agency debt securities (b)	—	5,402	75	5,477
Corporate debt securities (c)	—	8,252	562	8,814
Agency mortgage and asset-backed securities	—	476	—	476
Non-agency mortgage and asset-backed securities	—	1,863	831	2,694
Group annuity contracts	—	—	3,115	3,115
Investment funds				
Equity funds	20	436	382	838
Fixed income funds	48	543	2,287	2,878
Funds of hedge funds	—	516	6,344	6,860
Global macro funds	—	111	4	115
Multi-strategy funds	—	2,080	3,566	5,646
Other investment funds	—	150	188	338
Private equity and debt investments	—	—	8,297	8,297
Real estate assets (d)	1,648	1	5,792	7,441
Derivatives	73	1,407	24	1,504
Total assets	8,545	28,945	31,531	69,021
Liabilities				
Common and preferred stocks (e)	(1,287)	(121)	—	(1,408)
Debt securities (e)	—	—	(2)	(2)
Real estate assets (e)	(41)	—	—	(41)
Derivatives	(184)	(2,441)	(83)	(2,708)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)
Total net assets	$ 7,033	$26,383	$31,446	$64,862

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stocks	4,614	177	53	4,844
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,988	1,764	6,752
Agency mortgage and asset-backed securities	—	394	6	400
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Group annuity contracts	—	—	3,301	3,301
Investment funds				
Equity funds	299	226	576	1,101
Fixed income funds	570	960	2,267	3,797
Funds of hedge funds	—	641	4,455	5,096
Global macro funds	95	266	719	1,080
Multi-strategy funds	34	1,170	1,829	3,033
Other investment funds	1	76	459	536
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (d)	325	—	5,209	5,534
Derivatives	170	1,246	320	1,736
Total assets	6,108	18,875	31,245	56,228
Liabilities				
Common and preferred stocks (e)	(2,102)	(8)	(2)	(2,112)
Debt securities (e)	—	(18)	(3)	(21)
Real estate assets (e)	(33)	—	—	(33)
Derivatives	(113)	(3,071)	(208)	(3,392)
Total liabilities	(2,248)	(3,097)	(213)	(5,558)
Total net assets	$ 3,860	$15,778	$31,032	$50,670

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of derivative assets and liabilities owned by the Investment Trusts by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Interest rate contracts	$ 1,251	$ 1,297
Foreign exchange contracts	92	309
Equity contracts	96	36
Credit contracts	65	94
Total derivative assets	1,504	1,736
Derivative liabilities		
Interest rate contracts	(2,294)	(3,206)
Foreign exchange contracts	(146)	(76)
Equity contracts	(243)	(49)
Credit contracts	(25)	(61)
Total derivative liabilities	(2,708)	(3,392)
Total net derivative assets (liabilities)	$(1,204)	$(1,656)

The following tables summarize the activity of the underlying net assets of the Investment Trusts classified in Level 3 (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 23	$ (20)	$ 4	$ 4	$ 64
Government and agency debt securities	1,552	(8)	17	(163)	(1,323)	75
Corporate debt securities	1,764	56	(5)	(543)	(710)	562
Agency mortgage and asset-backed securities	6	—	—	(1)	(5)	—
Non-agency mortgage and asset-backed securities	1,525	393	(249)	(167)	(671)	831
Group annuity contracts	3,301	(95)	161	(252)	—	3,115
Investment funds						
Equity funds	576	(1)	16	7	(216)	382
Fixed income funds	2,267	136	94	(307)	97	2,287
Funds of hedge funds	4,455	103	325	1,500	(39)	6,344
Global macro funds	719	103	(92)	(614)	(112)	4
Multi-strategy funds	1,829	359	26	1,521	(169)	3,566
Other investment funds	459	(2)	(29)	(161)	(79)	188
Private equity and debt investments	7,210	578	590	(81)	—	8,297
Real estate assets	5,209	523	57	3	—	5,792
Total assets	30,925	2,168	891	746	(3,223)	31,507
Liabilities						
Common and preferred stocks	(2)	—	—	—	2	—
Debt securities	(3)	—	—	—	1	(2)
Total liabilities	(5)	—	—	—	3	(2)
Derivatives, net	112	(54)	3	(38)	(82)	(59)
Total net assets	$31,032	$2,114	$ 894	$ 708	$(3,302)	$31,446

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Assets						
Common and preferred stocks	$ 17	$ 12	$ (6)	$ 35	$ (5)	$ 53
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	615	233	1,764
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Group annuity contracts	3,393	(33)	74	(133)	—	3,301
Investment funds						
Equity funds	538	87	(7)	(20)	(22)	576
Fixed income funds	2,179	736	(397)	32	(283)	2,267
Funds of hedge funds	3,480	321	1	653	—	4,455
Global macro funds	864	157	(5)	(31)	(266)	719
Multi-strategy funds	1,100	49	112	719	(151)	1,829
Other investment funds	318	16	1	124	—	459
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Total assets	25,533	1,296	199	2,809	1,088	30,925
Liabilities						
Common and preferred stocks	(4)	(1)	—	2	1	(2)
Debt securities	—	—	—	(3)	—	(3)
Total liabilities	(4)	(1)	—	(1)	1	(5)
Derivatives, net	(314)	(8)	(22)	66	390	112
Total net assets	$25,215	$ 1,287	$ 177	$2,874	$1,479	$31,032

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Assets						
Common and preferred stocks	$ 11	$ (2)	$ 2	$ 6	$ —	$ 17
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Group annuity contracts	3,316	(57)	83	51	—	3,393
Investment funds						
Equity funds	456	18	—	64	—	538
Fixed income funds	1,427	498	—	254	—	2,179
Funds of hedge funds	3,106	27	—	347	—	3,480
Global macro funds	1,351	(20)	82	(549)	—	864
Multi-strategy funds	1,486	24	6	(416)	—	1,100
Other investment funds	701	(73)	(19)	(281)	(10)	318
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Total assets	28,652	(3,046)	17	(65)	(25)	25,533
Liabilities						
Common and preferred stocks	(1)	1	1	(5)	—	(4)
Total liabilities	(1)	1	1	(5)		(4)
Derivatives, net	1,420	(1,469)	(229)	(36)	—	(314)
Total net assets (liabilities)	$30,071	$(4,514)	$(211)	$ (106)	$ (25)	$25,215

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Trusts Transfers In and/or Out of Level 3

During the year ended December 31, 2010 significant transfers out of Level 3 to Level 2 included government and agency debt securities of $1.3 billion, corporate debt securities of $0.7 billion and non-agency mortgage and asset-backed securities of $0.7 billion. These transfers were primarily the result of improved pricing transparency of these securities, which allowed management to corroborate observable pricing inputs received from independent pricing services.

During the year ended December 31, 2010 investment funds of $0.6 billion were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the Investment Trusts to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

OPEB Plan Assets and Fair Value Measurements

As a result of the December 31, 2009 UAW hourly retiree medical plan settlement, there were no significant OPEB plan assets at December 31, 2010.

The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor			
	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments				
Cash equivalents and other short-term investments	$ —	$28	$—	$ 28
Investment Funds — Mutual and commingled funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB plan assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 (dollars in millions):

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stocks	$ 3	$ 3	$ (2)	$ (4)	$ —	$—
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds — Mutual and commingled funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$2,933	$158	$(13)	$(3,328)	$ 252	$ 2

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stocks	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds — Mutual and commingled funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$3,178	$300	$(125)	$(249)	$(171)	$2,933

Significant Concentrations of Risk

The pension plans' Investment Trusts include investments in certain investment funds, equity, debt and real estate investments and derivative instruments. Some or all of these investments may be illiquid. The investment managers may be unable to quickly liquidate some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held in the Investment Trusts are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain assets held by the Investment Trusts represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans' Investment Trusts may contain financial instruments denominated in foreign currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the Investment Trusts' foreign currency denominated assets or liabilities. The Investment Trusts use forward currency contracts to manage foreign currency risk.

The pension plans' Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. The plans' Investment Trusts may use interest rate swaps and other financial derivative instruments to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Investment Trusts will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related

to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2010, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$4,872	$4,318	$586	$1,067

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act (PPA) of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016. Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 3-Segment interest rate for all future funding valuations projects contributions of $0.3 billion in 2016. In both cases, we have assumed that the pension plans earn the expected return of 8.0%. In addition to the discount rate and return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are evaluating whether we will make additional voluntary contributions in 2011.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement among Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2010 $1.0 billion remained in the escrow account.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

OPEB Contributions

The following table summarizes contributions (withdrawals) to the U.S. OPEB plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008 (a)
Employer contributions (withdrawals)	$651	$1,528	$1,947	$(1,356)
Plan participants' contributions	53	172	169	401
Total contributions (withdrawals)	$704	$1,700	$2,116	$ (955)

(a) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008 resulting in withdrawals from plan assets.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans (b)	Non-U.S. Plans
2011	$ 8,765	$1,460	$ 451	$ 189
2012	$ 8,463	$1,461	$ 427	$ 199
2013	$ 8,186	$1,480	$ 407	$ 209
2014	$ 7,999	$1,513	$ 391	$ 220
2015	$ 7,855	$1,534	$ 379	$ 231
2016-2020	$36,033	$7,889	$1,796	$1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 21. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

We are party to a variety of foreign currency exchange rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates and certain commodity prices.

Our derivative instruments consist of derivative contracts or economic hedges, including forward contracts and options that we acquired from Old GM or purchased directly from counterparties. At December 31, 2010 and 2009 no outstanding derivative contracts were designated in hedging relationships other than those derivative contracts designated in a hedging relationship by GM Financial.

Refer to Note 24 for additional information on the fair value measurements of our derivative instruments. Refer to Note 4 for additional information on our derivatives accounting policy.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Since August 2010 we executed new agreements with counterparties that will require, under certain circumstances, that the counterparty post collateral with us for net asset positions. At December 31, 2010 we held collateral of $74 million from counterparties and recorded the related obligation in Accrued liabilities. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $143 million at December 31, 2010. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. At December 31, 2010 the total net derivative asset position for all counterparties with which we were in a net asset position, less the collateral we held, was $108 million.

At December 31, 2010 a majority of all derivative counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2010 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following table summarizes the fair value of our derivative instruments (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)
Derivative Instruments				
Current Portion				
Foreign currency exchange	$ 80	$113	$104	$568
Commodity	93	2	11	—
Total current portion	$173	$115	$115	$568
Non-Current Portion				
Foreign currency exchange	$ —	$ —	$ 19	$146
Commodity	—	7	—	—
Warrants	44	—	25	—
Total non-current portion	$ 44	$ 7	$ 44	$146

(a) Current portion recorded in Other current assets and deferred income taxes

(b) Non-current portion recorded in Other assets.

(c) Current portion recorded in Accrued liabilities.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency Exchange Derivatives		
Interest income and other non-operating income, net	$ 82	$279
Interest Rate Swap Derivatives		
Automotive interest expense	—	(1)
Commodity Derivatives		
Interest income and other non-operating income, net	(33)	—
Warrants		
Interest income and other non-operating income, net	19	—
Total gains (losses) recorded in earnings	$ 68	$278

Commodity Notionals

The following table summarizes the notional amounts of our commodity derivative contracts (units in thousands):

		Successor	
Commodity	Units	December 31, 2010	December 31, 2009
Aluminum and aluminum alloy	Metric tons	448	39
Copper	Metric tons	44	4
Lead	Metric tons	69	7
Heating oil	Gallons	125,160	10,797
Natural gas	MMBTU	—	1,355
Natural gas	Gigajoules	—	150
Palladium	Troy ounce	444	—
Platinum	Troy ounce	91	—
Electricity (embedded derivative)	MWh	1,304	—

Foreign Currency Exchange Notionals

The following table summarizes the total notional amounts of our foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Foreign currency exchange derivatives	$5,910	$6,333
Embedded foreign currency exchange derivatives	$1,421	$ —

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was insignificant as of December 31, 2010.

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we account for using the equity method, we record our share of New Delphi's Other comprehensive income (loss) in Accumulated other comprehensive income (loss). In the years ended December 31, 2010 and 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses.

Automotive Financing

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the three months ended December 31, 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	
	Notional	Fair Value
Assets (a)		
Interest rate swaps	$1,227	$23
Interest rate caps	946	8
Total assets	$2,173	$31
Liabilities (b)		
Interest rate swaps	$1,227	$47
Interest rate caps	832	8
Foreign currency exchange (c)	49	2
Total liabilities	$2,108	$57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

(c) Notional has been translated from Canadian dollars to U.S. dollars at the December 31, 2010 rate.

Credit Risk Related Contingent Features

Under the terms of our derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. As of December 31, 2010, these restricted cash accounts totaled $33 million and are included in GM Financial Restricted cash.

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$91

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Foreign Currency Exchange Derivatives	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap Derivatives	
Automotive interest expense	(38)
Commodity Derivatives	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Total gains (losses) recorded in earnings	$(1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to that date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Automotive sales and Automotive cost of sales in the amounts of $127 million and $30 million.

The following table summarizes financial statement classification and amounts reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor	
	Gain (Loss) Reclassified	Gain (Loss) Reclassified
	January 1, 2009 Through July, 9, 2009	Year Ended December 31, 2008
Automotive sales	$(351)	$198
Automotive cost of sales	19	205
Reorganization gains, net	247	—
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ (85)	$403

Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the year ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	Gain (Loss) Reclassified
	January 1, 2009 Through July 9, 2009
Automotive sales	$(182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning net unrealized gain (loss) on derivatives	$(490)	$ 321
Change in fair value	—	(1,054)
Reclassification to earnings	99	243
Ending net unrealized gain (loss) on derivatives	$(391)	$ (490)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Fair Value Hedges

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with its borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Automotive interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Automotive interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized an insignificant amount of previously deferred fair value hedge gains and losses to Automotive interest expense. Old GM recorded no hedging ineffectiveness in the year ended December 31, 2008.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Automotive interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Automotive interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

Old GM was subject to foreign currency exposure related to net investments in certain foreign operations and used foreign currency denominated debt to hedge this exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the gains related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Effective portion of net investment hedges	$5	$106

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 22. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating lease residual values	$ 7	$ 59	$—	$ 79
Ally Financial commercial loans (c)	$—	$ 17	$ 2	$167
Supplier commitments and other obligations	$—	$ 63	$ 3	$218
Other product-related claims	$50	$442	$54	$553

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to Ally Financial in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from Ally Financial to which we have title and which were recorded in Restricted cash and marketable securities. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we had recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities. In the year ended December 31, 2010 this guarantee was terminated.

	Successor	
	December 31, 2010	December 31, 2009
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 167	$ 140
Deferred revenue(c)	$ 408	$ 464
Environmental liability (d)	$ 195	$ 190
Product liability	$ 365	$ 319
Liability related to contingently issuable shares	$ —	$ 162
Other litigation-related liability and tax administrative matters (e)	$1,471	$1,192

(a) At December 31, 2010 and 2009 qualified cardholders had rebates available, net of deferred program revenue, of $2.8 billion and $3.1 billion.

(b) Redemption liabilities are recorded in Accrued liabilities.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2010 and 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $45 million and $28 million recorded in Accrued liabilities at December 31, 2010 and 2009, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of tax related litigation not recorded pursuant to ASC 740 as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2011 to 2015, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We also provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in years ranging from 2012 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 32 for additional information on guarantees that we provide to Ally Financial.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We have provided guarantees with respect to benefits to be paid to former employees of divested businesses relating to pensions, postretirement healthcare and life insurance. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements mentioned previously, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. Due to the nature of these agreements, the maximum potential amount of future undiscounted payments to which we may be exposed cannot be estimated. No amounts have been recorded for such indemnities as our obligations under them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees expire in 2020.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from 5 to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition and results of operations. At December 31, 2010 we estimate the remediation losses could range from $150 million to $370 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, it is believed that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and exclude Old GM's asbestos claims, which are discussed separately.

In accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations where we are not a party arising from incidents prior to July 10, 2009 is limited. We monitor actual claims experience for consistency with this estimate and make periodic adjustments as appropriate. Since July 10, 2009, the volume of product liability claims against us has been less than projected. In addition, as of this time due to the relatively short period for which we have been directly responsible for such claims, we have fewer pending matters than Old GM had in the past and than we expect in the future. Based on both management judgments concerning the projected number and value of both dealer indemnification obligations and product liability claims against us, we have estimated the associated liability. We have lowered our overall product liability estimate for dealer indemnifications and our exposure in the year ended December 31, 2010 resulting in a $132 million favorable adjustment driven primarily by a lower than expected volume of claims. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Liability Related to Contingently Issuable Shares

We are obligated to issue Adjustment Shares of our common stock to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion, and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares which is recorded in Interest income and other non-operating income, net. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us or MLC including a number of shareholder class actions, bondholder class actions and class actions under ERISA and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740 as well as various non-U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740 (indirect tax-related matters) are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $560 million to $760 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2010. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Similar cases have been brought against other large employers in the Republic of Korea. At December 31, 2010 GM Daewoo accrued 122 billion Korean Won (equivalent to $110 million) in connection with these cases (70% of which was recorded in Net income attributable to stockholders, based on our ownership interest in GM Daewoo). The current estimate of the value of plaintiffs' claim, if allowed in full, exceeds the accrual by 395 billion Korean Won (equivalent to $344 million). GM Daewoo believes the claims in excess of the accrual are without merit but, given the inherent uncertainties of the litigation process and further

uncertainties arising because this litigation is at its earliest stages, this amount represents the high end of the range of reasonably possible liability exposure. Both the scope of claims asserted and GM Daewoo's assessment of any or all of individual claim elements may change. This accrual is included in the reserves for non-U.S. labor-related matters.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended December 31, 2008. Also in the year ended December 31, 2008, Old GM recorded $215 million as a reduction to Automotive selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan, agreed to with European labor representatives, we have committed to achieve specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $193 million at December 31, 2010 was pledged as collateral under the agreement. Management has the intent and believes it has the ability to meet the requirements under the agreement.

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances, net of accumulated depreciation, of $36 million and $53 million at December 31, 2010 and 2009 are recorded in Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$102	$ 97	$ 237
Accretion expense	6	4	12
Liabilities incurred	6	21	5
Liabilities settled or disposed	(12)	(9)	(2)
Effect of foreign currency translation	2	3	5
Revisions to estimates	(1)	(14)	1
Reclassified to liabilities subject to compromise (a)	—	—	(121)
Ending balance	103	102	137
Effect of application of fresh-start reporting	—	—	(40)
Ending balance including effect of application of fresh-start reporting	$103	$102	$ 97

(a) Represents the asset retirement obligations associated with assets MLC retained.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2011	2012	2013	2014	2015	2016 and after
Minimum commitments (a)	$520	$406	$318	$266	$232	$ 851
Sublease income	(60)	(60)	(55)	(51)	(46)	(359)
Net minimum commitments	$460	$346	$263	$215	$186	$ 492

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Rental expense under operating leases	$604	$255	$369	$934

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the subsequent 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate. Old GM recorded asbestos-related expenses of $18 million and $51 million in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after January 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before January 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the

event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;

- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;

- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi Hourly Rate Plan (Delphi HRP) to Old GM's U.S. hourly pension plan in September 2008;

- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;

- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;

- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;

- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;

- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;

- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;

- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;

- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and

- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 20, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree healthcare and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the period January 1, 2009 to July 9, 2009 and the year ended December 31, 2008 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Other automotive expenses, net	$ 8	$184	$4,797
Automotive cost of sales	193	142	555
Reorganization gains, net	—	662	—
Total Delphi charges	$201	$988	$5,352

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four

domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended December 31, 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 22 for additional information on the Delphi benefit plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 23. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. income (loss)	$2,648	$(6,647)	$105,420	$(26,742)
Non-U.S. income (loss)	3,089	1,364	2,356	(2,729)
Income (loss) before income taxes and equity income	$5,737	$(5,283)	$107,776	$(29,471)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Current income tax expense (benefit)				
U.S. federal	$ (10)	$ 7	$ (60)	$ (31)
Non-U.S.	441	421	(522)	668
U.S. state and local	(1)	(1)	16	(34)
Total current	430	427	(566)	603
Deferred income tax expense (benefit)				
U.S. federal	(25)	(1,204)	110	(163)
Non-U.S.	259	(52)	(716)	1,175
U.S. state and local	8	(171)	6	151
Total deferred	242	(1,427)	(600)	1,163
Total income tax expense (benefit)	$672	$(1,000)	$(1,166)	$1,766

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash paid (received) for income taxes	$357	$(65)	$(1,011)	$718

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested of $6.9 billion and $5.5 billion at December 31, 2010 and 2009. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Tax at U.S. federal statutory income tax rate	$ 2,008	$(1,849)	$ 37,721	$(10,315)
State and local tax expense	334	(559)	(260)	(1,151)
Foreign income taxed at other than 35%	1,579	64	(119)	1,229
Taxes on unremitted earnings of subsidiaries	(10)	(151)	(12)	(235)
Change in valuation allowance	(2,903)	1,338	6,609	13,064
Change in statutory tax rates	—	163	1	151
Research and development incentives	(235)	(14)	(113)	(367)
Medicare prescription drug benefit	—	—	18	(104)
Settlements of prior year tax matters	(170)	—	—	—
VEBA contribution	—	(328)	—	—
Non-taxable reorganization gain	—	—	(45,564)	—
Foreign currency remeasurement	143	340	207	(608)
Other adjustments	(74)	(4)	346	102
Total income tax expense (benefit)	$ 672	$(1,000)	$ (1,166)	$ 1,766

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2010 and 2009 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,884	$ 5,231
Pension and other employee benefit plans	7,127	8,951
Warranties, dealer and customer allowances, claims and discounts	4,276	4,255
Property, plants and equipment	2,275	3,333
Capitalized research expenditures	5,033	4,693
Tax carryforwards	20,109	18,880
Miscellaneous U.S.	2,387	2,693
Miscellaneous non-U.S.	357	1,049
Total deferred tax assets before valuation allowances	45,448	49,085
Less: Valuation allowances	(42,979)	(45,281)
Net deferred tax assets	2,469	3,804
Deferred tax liabilities		
Intangible assets	2,609	3,642
Total deferred tax liabilities	2,609	3,642
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current deferred tax assets	$ 782	$ 462
Current deferred tax liabilities	(23)	(57)
Non-current deferred tax assets	308	564
Non-current deferred tax liabilities	(1,207)	(807)
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2010 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2011-2030	$11,050
Non-U.S. loss and tax credit carryforwards	Indefinite	1,088
Non-U.S. loss and tax credit carryforwards	2011-2030	4,173
U.S. alternative minimum tax credit	Indefinite	699
U.S. general business credits (a)	2011-2030	1,956
U.S. foreign tax credits	2011-2018	1,143
Total loss and tax credit carryforwards		$20,109

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$45,281	$42,666	$ 59,777	$42,208
Additions (Reversals)				
U.S.	(2,196)	2,226	(14,474)	14,146
Canada	63	405	(802)	759
Germany	(139)	67	(792)	140
Spain	378	(40)	(200)	1,109
Brazil	1	1	(442)	(135)
South Korea	(121)	(221)	321	724
Australia	(39)	7	190	340
U.K.	(121)	109	62	330
Sweden	(58)	33	(1,057)	(58)
Other	(70)	28	83	214
Ending balance	$42,979	$45,281	$ 42,666	$59,777

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. After the deconsolidation of our Saab unit in February 2009, corresponding deferred taxes and valuation allowances in Sweden were no longer recorded in Old GM financial statements.

Old GM established or released the following significant valuation allowances for jurisdictions not on a full valuation allowance throughout the applicable period (dollars in millions):

	Predecessor	
Jurisdiction(s)	Valuation Allowance Charge/(Release)	Period Ended
Brazil	$(465)	July 9, 2009
Various non-U.S.	$(286)	July 9, 2009
South Korea	$ 725	December 31, 2008
Various non-U.S.	$ 329	December 31, 2008
Australia	$ 284	December 31, 2008
Texas	$ 152	December 31, 2008
Spain	$ 206	March 31, 2008
United Kingdom	$ 173	March 31, 2008

Over the past several years, we and Old GM have accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing these objective and verifiable negative evidence factors with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its net deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting U.S. GAAP and local taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its net deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we are a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due to objective and verifiable negative evidence including cumulative and current losses, we determined it was still more likely than not the net deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, Australia, South Korea, Germany, Spain and the United Kingdom.

At December 31, 2010 objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions. If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could

change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Gross unrecognized tax benefits before valuation allowances	$5,169	$5,410
Amount that would favorably affect effective tax rate in future	$ 785	$ 618
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$3,605	$4,007

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$5,410	$4,096	$2,803	$2,754
Additions to tax positions in the current year	195	1,454	1,493	208
Additions to tax positions in prior years	803	22	594	751
Reductions to tax positions in the current year	—	(44)	(25)	(47)
Reductions to tax positions in prior years	(475)	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	(18)	—	(281)	—
Settlements	(761)	(111)	(16)	(275)
Other	15	121	154	137
Ending balance	$5,169	$5,410	$4,096	$2,803

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$13	$—	$249	$26
Interest expense (benefit)	$20	$30	$ (31)	$13
Penalties	$ 1	$—	$ 30	$ 4

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor	
	December 31, 2010	December 31, 2009
Accrued interest receivable	$ —	$ 10
Accrued interest payable	$250	$275
Accrued penalties	$119	$137

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. On November 1, 2010, we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Although we received a ruling from the German tax authorities confirming the availability of these losses for carry over on January 26, 2011, a European Union Commission review concluded the German law on which the ruling was based is void and therefore reaffirmed these loss carryforwards are not available. We are evaluating options that would allow these loss carryforwards to reduce future taxable income. In Australia, we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM's federal 2007 and 2008 tax years. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), the objective of which is to reach early issue resolution and increase audit efficiency. Our July 10, 2009 through December 31, 2009 and 2010 tax years are also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 years was concluded and an assessment of 2.0 billion pesos (equivalent to $165 million) including tax, interest and penalties was issued. We do not agree with the assessment and intend to appeal. We believe we have adequate reserves established and collection of the assessment will be suspended during the appeal period and any subsequent proceedings through U.S. and Mexican competent authorities.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010, this resolution resulted in a tax benefit of $140 million including interest.

Based on an unfavorable Brazilian Supreme court decision rendered to a separate Brazilian taxpayer on a similar income tax matter, it is likely we will settle a contested income tax matter for $242 million in the next twelve months. This amount was fully reserved in a prior period.

At December 31, 2010, aside from the Brazilian matter, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 24. Fair Value Measurements

Automotive

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 1,085	$—	$ 1,085
Sovereign debt	—	523	—	523
Certificates of deposit	—	2,705	—	2,705
Money market funds	4,844	—	—	4,844
Commercial paper	—	3,807	—	3,807
Marketable securities				
Trading securities				
Equity	21	17	—	38
Debt	—	98	—	98
Available–for–sale securities				
United States government and agency	—	2,023	—	2,023
Sovereign debt	—	773	—	773
Certificates of deposit	—	954	—	954
Corporate debt	—	1,669	—	1,669
Restricted cash and marketable securities (a)				
United States government and agency	—	99	—	99
Money market funds	345	—	—	345
Sovereign debt	—	1,011	—	1,011
Corporate debt	—	19	—	19
Other assets				
Equity	5	—	—	5
Convertible debt	—	—	10	10
Derivatives				
Commodity	—	93	—	93
Foreign currency	—	80	—	80
Other	—	44	—	44
Total assets	$5,215	$15,000	$10	$20,225
Liabilities				
Other liabilities				
Options	$ —	$ —	$24	$ 24
Derivatives				
Foreign currency	—	113	—	113
Commodity	—	9	—	9
Total liabilities	$ —	$ 122	$24	$ 146

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Trading securities				
Equity	15	17	—	32
Debt	—	92	—	92
Available–for–sale securities				
United States government and agency	—	2	—	2
Certificates of deposit	—	8	—	8
Restricted cash and marketable securities (a)				
United States government and agency	—	140	—	140
Money market funds	13,083	—	—	13,083
Sovereign debt	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$20,598	$5,029	$ 33	$25,660
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$705	$ 714
Total liabilities	$ —	$ 9	$705	$ 714

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Transfers In and/or Out of Level 3

At December 31, 2010 our non-performance risk remains unobservable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. The effect of our non-performance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

In the period January 1, 2009 through July 9, 2009 Old GM's mortgage- and asset-backed securities were transferred out of Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For periods presented from June 1, 2009 through September 30, 2010 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred into Level 3 from Level 2 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

The following tables summarize the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2010	$—	$—	$ (672)	$ —	$—	$ (672)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	103	(3)	—	100
Included in other comprehensive income (loss)	—	—	(10)	—	—	(10)
Purchases, issuances and settlements	—	—	394	(21)	10	383
Transfer in and/or out of Level 3	—	—	185	—	—	185
Balance at December 31, 2010	$—	$—	$ —	$(24)	$10	$ (14)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$—	$—	$ —	$ (3)	$—	$ (3)

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at July 10, 2009	$—	$—	$(1,430)	$ —	$—	$(1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in other comprehensive income (loss)	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$—	$—	$ (672)	$ —	$—	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$—	$—	$ 214	$ —	$—	$ 214

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Other Derivative Instruments	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$(17)	$(2,144)	$(164)	$17	$(2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in other comprehensive income (loss)	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$(1,430)	$ —	$—	$(1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$—	$ 28

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount (a)	$4,630	$15,783
Fair value (a)	$4,840	$16,024

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Ally Financial Common and Preferred Stock

At December 31, 2010 we estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. This approach provides our best estimate of the fair value of our investment in Ally Financial common stock at December 31, 2010 due to Ally Financial's transition to a bank holding company and less readily available information with which to value Ally Financial's business operations individually. The significant inputs used in our fair value analysis were Ally Financial's December 31, 2010 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry.

At December 31, 2009 we estimated the fair value of our investment in Ally Financial common stock using a market approach based on the average price to tangible book value multiples of comparable companies to each of Ally Financial's Auto Finance, Commercial Finance, Mortgage, and Insurance operations to determine the fair value of the individual operations. These values were aggregated to estimate the fair value of Ally Financial's common stock. The significant inputs used to determine the appropriate multiple for Ally Financial and used in our analysis were as follows:

- Ally Financial's December 31, 2009 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;

- Historical segment equity information separately provided by Ally Financial;

- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

At December 31, 2010 and 2009 we calculated the fair value of our investment in Ally Financial's preferred stock using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial's preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Common stock		
Carrying amount (a)	$ 964	$970
Fair value	$1,031	$970
Preferred stock		
Carrying amount	$ 665	$665
Fair value	$1,055	$989

(a) Investment in Ally Financial common stock at December 31, 2010 and 2009 includes the 9.9% and 16.6% held directly and indirectly through an independent trust.

Automotive Financing

Fair Value Measurements on a Recurring Basis

The following table summarizes the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
Money market funds	$ 167	$—	$—	$ 167
Restricted cash (a)				
Money market funds	952	—	—	952
Derivatives				
Interest rate swaps (b)	—	—	23	23
Interest rate caps (b)	—	8	—	8
Total assets	$1,119	$ 8	$23	$1,150
Liabilities				
Derivatives				
Interest rate swaps (b)	$ —	$—	$47	$ 47
Interest rate caps (b)	—	8	—	8
Foreign currency contracts	—	2	—	2
Total liabilities	$	$10	$47	$ 57

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Cash deposits and cash held in Guaranteed Investment Contracts have been excluded.

(b) The fair value of interest rate cap and swap derivatives are based upon quoted market prices when available. If quoted prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk adjusted rate.

Transfers In and/or Out of Level 3

The following table summarizes the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor	
	Assets	(Liabilities)
	Interest Rate Swap Derivatives	Interest Rate Swap Derivatives
Balance at October 1, 2010	$27	$(61)
Transfers in and/or out of Level 3	—	—
Total realized/unrealized gains (losses)		
Included in earnings	1	(1)
Included in other comprehensive income (loss)	—	—
Settlements	(5)	15
Balance at December 31, 2010	$23	$(47)

The following table summarizes estimated fair values, carrying amounts and various methods and assumptions used in valuing GM Financial's financial instruments (dollars in millions):

	December 31, 2010	
	Carrying Amount	Estimated Fair Value
Financial assets		
Finance receivables, net (a)	$8,197	$8,186
Financial liabilities		
Credit facilities(b)	$ 832	$ 832
Securitization notes payable (c)	$6,128	$6,107
Senior notes and convertible senior notes (c)	$ 72	$ 72

(a) The fair value of the finance receivables is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital. The forecast includes among other things items such as prepayment, defaults, recoveries and fee income assumptions.

(b) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value.

(c) The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 25. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

Refer to Note 26 for asset impairment charges related to our restructuring initiatives and Note 20 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

GM Financial did not execute any new restructuring initiatives in the three months ended December 31, 2010. Charges and payments for restructuring activities in the three months ended December 31, 2010 related to previously announced programs are not significant.

The following table summarizes Automotive restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	$1,135	$ 664	$ 3	$ —	$ 1,802

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2008	$ 868	$ 580	$ —	$ 4	$ 1,452
Additions	2,165	242	96	34	2,537
Interest accretion and other	41	62	—	—	103
Payments	(745)	(368)	(33)	(20)	(1,166)
Revisions to estimates	320	(18)	—	(3)	299
Effect of foreign currency	(193)	(30)	(18)	(2)	(243)
Balance at December 31, 2008	2,456	468	45	13	2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that decreased the restructuring reserves by $275 million in the year ended December 31, 2010. The decreases were primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates of $840 million in the year ended December 31, 2010 for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affects 2,600 employees.
- Separation charges of $72 million and revisions to estimates to decrease the reserve by $9 million related to separation/layoff plans and an early retirement plan in Spain which affects 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program and previously announced programs in Germany.

We have committed to a restructuring plan for GME, and as of December 31, 2010 we expect to expend up to $1.4 billion. Of this amount $0.8 billion was recorded in 2010 as charges for the separation programs described above. We expect to incur an additional $0.6 billion primarily in 2011 and 2012 to complete these programs. Because these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.

- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $77 million in the period July 10, 2009 through December 31, 2009, primarily related to separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. At December 31, 2010 there were 5,200 dealers in GMNA compared to 6,500 at December 31, 2009. Certain dealers in the U.S. that had signed wind-down agreements with us elected to file for reinstatement through a binding arbitration process. At December 31, 2010 the arbitration process had been resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 and in the year ended December 31, 2010 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	460	41	501
Revisions to estimates	(2)	9	7
Payments	(323)	(43)	(366)
Effect of foreign currency	—	2	2
Balance at December 31, 2010	$ 135	$ 9	$ 144

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships in accordance with the deferred termination agreements that Saturn dealers signed.

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Programs.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $27 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $47 million in the period January 1, 2009 through July 9, 2009 related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $96 million in the year ended December 31, 2008 primarily related to separation charges of $76 million related to a facility idling in Australia.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $31 million in the year ended December 31, 2008 related to separation charges in South America.

Dealer Wind-downs

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$118	$516

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 26. Impairments

Automotive

The following table summarizes impairment charges (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
GMNA				
Goodwill	$ —	$ —	$ —	$ 154
Intangibles assets	—	21	—	—
Product-specific tooling assets	234	1	278	291
Cancelled powertrain programs	—	—	42	120
Equity and cost method investments	—	4	28	119
Vehicles leased to rental car companies	—	—	11	160
Automotive retail leases (a)	—	—	—	220
Other than temporary impairment charges on debt and equity securities (b)	—	—	—	47
Total GMNA impairment charges	234	26	359	1,111
GME				
Goodwill	—	—	—	456
Product-specific tooling assets	—	—	237	497
Vehicles leased to rental car companies	49	18	36	222
Total GME impairment charges	49	18	273	1,175
GMIO				
Product-specific tooling assets	6	1	7	66
Asset impairment charges related to restructuring initiatives	—	—	—	28
Total GMIO impairment charges	6	1	7	94
GMSA				
Product specific tooling assets	—	—	—	6
Asset impairment charges related to restructuring initiatives	—	—	—	2
Other long-lived assets	—	—	2	—
Total GMSA impairment charges	—	—	2	8
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	—	11	15
Automotive retail leases	—	—	16	157
Ally Financial Common Membership Interests	—	—	—	7,099
Ally Financial common stock	—	270	—	—
Ally Financial Preferred Membership Interests	—	—	—	1,001
Total Corporate impairment charges	—	270	27	8,272
Total impairment charges	$289	$315	$668	$10,660

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 8 and Note 24 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value measurements, excluding vehicles leased to rental car companies and automotive retail leases, utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved. Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from vehicle sales at auction. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

GM

	Successor				
		Fair Value Measurements Using			
	Year Ended December 31, 2010 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2010 Total Losses
Product-specific tooling assets	$ —	$—	$—	$ —	$(240)
Vehicles leased to rental car companies	$537-668	$—	$—	$537-668	(49)
					$(289)

(a) Amounts represent the fair value measure (or range of measures) during the period.

	Successor				
		Fair Value Measurements Using			
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets	$ —	$—	$—	$ —	$ (2)
Equity and cost method investments (other than Ally Financial)	$ 1	$—	$—	$ 1	(4)
Vehicles leased to rental car companies (b)	$543 - 567	$—	$—	$543 - 567	(18)
Ally Financial common stock	$ 970	$—	$—	$ 970	(270)
Intangible assets	$ —	$—	$—	$ —	(21)
					$(315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the three months ended December 31, 2009 we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

	Predecessor				
		Fair Value Measurements Using			
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets (b)	$ 0-85	$—	$—	$ 0-85	$(522)
Cancelled powertrain programs	$ —	$—	$—	$ —	(42)
Other long-lived assets	$ —	$—	$—	$ —	(2)
Equity and cost method investments (other than Ally Financial)	$ —	$—	$—	$ —	(28)
Vehicles leased to rental car companies (c)	$539-2,057	$—	$—	$539-2,057	(47)
Automotive retail leases	$ 1,519	$—	$—	$ 1,519	(16)
					$(657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the three months ended March 31, 2009 Old GM recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the three months ended June 30, 2009 Old GM recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the three months ended March 31, 2009 Old GM recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the three months ended June 30, 2009 Old GM recorded impairment charges of $17 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 Old GM recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

Contract Cancellations

The following table summarizes net contract cancellation charges recorded in Automotive cost of sales primarily related to the cancellation of product programs (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$30	$80	$157
GME	3	—	12
GMIO	—	2	8
Total contract cancellations	$33	$82	$177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Note 27. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Operating and other expenses (income)	$ (7)	$(35)	$ 22	$ 409
Expenses related to Saab deconsolidation, net (Note 5)	—	(60)	824	—
Saab impairment charges	—	—	88	—
Delphi related charges (Note 22)	—	8	184	4,797
Depreciation and amortization expense	125	89	101	749
Goodwill impairment charges (Note 26)	—	—	—	610
Interest expense	—	13	16	134
Total other automotive expenses, net	$118	$ 15	$1,235	$6,699

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 28. Interest Income and Other Non-Operating, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 465	$ 184	$183	$ 655
Net gains on derivatives	68	278	—	—
Rental income	164	88	100	209
Dividends and royalties	213	105	145	171
Other (a)	645	(215)	424	(611)
Total interest income and other non-operating income, net	$1,555	$ 440	$852	$ 424

(a) Amounts for the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts for the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million. Amounts for the year ended December 31, 2008 include impairment charges related to Ally Financial Preferred Membership Interests of $1.0 billion.

Note 29. Stockholders' Equity (Deficit) and Noncontrolling Interests

Consolidated

Preferred Stock

We have 2.0 billion shares of preferred stock authorized, with a par value of $0.01 per share.

Series A Preferred Stock

At December 31, 2010 we had 276 million shares of Series A Preferred Stock issued and outstanding. The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount of $25.00 per share and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. Holders of the Series A Preferred Stock are entitled to receive dividends at the sole discretion of our Board of Directors at a rate of 9.0% per annum. Unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full, no dividends or distributions may be paid on common stock or Series B Preferred Stock and no shares of common stock or Series B Preferred Stock may be purchased or redeemed by us (subject to certain exceptions that are specified in the certificate of designations for the Series A Preferred Stock). Dividends, if declared, will be payable on March 15, June 15, September 15 and December 15 of each year. In the year ended December 31, 2010 we paid dividends on our Series A Preferred Stock of $810 million or $2.25 per share. In the year ended December 31, 2009 we paid dividends on our Series A Preferred Stock of $349 million or $0.97 per share. We may not redeem the Series A Preferred Stock prior to December 31, 2014. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends.

The Series A Preferred Stock was originally classified as temporary equity because the holders of Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion because the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

Series B Preferred Stock

At December 31, 2010 we had 100 million shares of Series B Preferred Stock issued and outstanding. The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock; and (4) junior to all of our existing and future debt obligations. Holders of our Series B Preferred Stock are entitled to dividends that accumulate at a rate of 4.75% per annum. Dividends, if declared based on the sole discretion of our Board of Directors, will be payable on March 1, June 1, September 1 and December 1. The Series B Preferred Stock is not redeemable and has a liquidation preference in the amount of $50.00 per share. The holders of the Series B Preferred Stock do not have voting rights, except with respect to certain fundamental changes in the terms of the Series B Preferred Stock, in the case of certain dividend arrearages and as required under Delaware law. Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 (mandatory conversion date) into a number of shares of

our common stock. The number of shares of our common stock issuable upon conversion of each share of Series B Preferred Stock on the mandatory conversion date, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a price range of $33.00 to $39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock). If the applicable market value of our common stock upon mandatory conversion is above or below the price range of $33.00 to $39.60 per common share, the Series B Preferred Stock converts into a fixed number of shares of our common stock based on a fixed conversion ratio. The fixed conversion ratio will be 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60. The fixed conversion ratio will be 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stock holder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required. Under the two-class method for computing earnings per share, undistributed earnings will be allocated to the Series B Preferred Stock in each period in which the applicable market value of our common stock is above or below the price range of $33.00 to $39.60 per common share. The amount of the undistributed earnings to be allocated to the Series B Preferred Stock is based on the terms of the anti-dilution provisions and reflects the incremental value above the $50.00 per share liquidation value that the holder would receive if the market value of our common stock falls outside the price range of $33.00 to $39.60. When the applicable market value of our common stock falls within the price range of $33.00 to $39.60 per common share, no undistributed earnings will be allocated to the Series B Preferred Stock for earnings per share purposes because a holder of Series B Preferred Stock is entitled only to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock) upon mandatory conversion and therefore does not participate in earnings. For purposes of computing diluted earnings per share, the if-converted method will be used to the extent that the result is more dilutive than the application of the two-class method.

Common Stock

We have 5.0 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2010 and 2009 we had 1.5 billion shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 136 million shares of common stock, to MLC and one warrant to acquire 46 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015

at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for Korean Won 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow account were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor
	July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$(4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$(4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
Foreign currency translation gain (loss)	$ 394	$ 157	$ (2,122)
Cash flow hedging losses, net	(23)	(1)	(490)
Net unrealized gain (loss) on securities	(5)	2	(33)
Defined benefit plans, net	885	1,430	(29,694)
Accumulated other comprehensive income (loss)	$1,251	$1,588	$(32,339)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2010			July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 210	$—	$ 210	$ 135	$ 11	$ 124
Cash flow hedging losses, net	(22)	—	(22)	(1)	—	(1)
Unrealized gain (loss) on securities	(7)	—	(7)	7	5	2
Defined benefit plans						
Prior service benefit (cost) from plan amendments	7	1	6	112	130	(18)
Less: amortization of prior service cost included in net periodic benefit cost	(12)	—	(12)	—	—	—
Net prior service cost	(5)	1	(6)	112	130	(18)
Actuarial gain (loss) from plan measurements	(530)	34	(564)	2,702	1,247	1,455
Less: amortization of actuarial gain (loss) included in net periodic benefit cost	25	—	25	(6)	1	(7)
Net actuarial amounts	(505)	34	(539)	2,696	1,248	1,448
Defined benefit plans, net	(510)	35	(545)	2,808	1,378	1,430
Other comprehensive income (loss)	(329)	35	(364)	2,949	1,394	1,555
Less: other comprehensive loss attributable to noncontrolling interests	(13)	—	(13)	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$(316)	$35	$(351)	$2,982	$1,394	$1,588

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009			Year Ended December 31, 2008		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)
Cash flow hedging gains (losses), net	145	(131)	276	(1,284)	(53)	(1,231)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)
Defined benefit plans						
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450
Less: amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)
Actuarial loss from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)
Less: amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)
Net transition assets from plan initiations	6	1	5	—	—	—
Less: amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8
Net transition amounts	1	—	1	11	3	8
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)
Less: other comprehensive income (loss) attributable to noncontrolling interests	92	—	92	(581)	—	(581)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)

Note 30. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share was computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share was computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (b)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Basic				
Net income (loss) attributable to common stockholders — basic	$4,668	$(4,428)	$109,118	$(30,943)
Addition of preferred dividends to holders of Series B Preferred Stock	25	—	—	—
Net income (loss) attributable to common stockholders-diluted	$4,693	$(4,428)	$109,118	$(30,943)
Basic and Diluted shares				
Weighted-average common shares outstanding-basic	1,500	1,238	611	579
Dilutive effect of warrants	106	—	—	—
Dilutive effect of conversion of Series B Preferred Stock	17	—	—	—
Dilutive effect of RSUs	1	—	—	—
Weighted-average common shares outstanding-diluted	1,624	1,238	611	579
Basic earnings per share	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings per share	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)

(a) The year ended December 31, 2010 includes earned but undeclared dividends of $26 million on our Series A Preferred Stock and $25 million on our Series B Preferred Stock, which decreases Net income attributable to common stockholders.

(b) The period July 10, 2009 through December 31, 2009 includes accumulated but undeclared dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement.

GM

In the year ended December 31, 2010 we considered potentially dilutive securities in our diluted earnings per share computation under the treasury stock method. In periods prior to our public offering, we utilized an average stock price based upon estimates of the fair value of our common stock. Subsequent to our public offering, we used the New York Stock Exchange price.

In the year ended December 31, 2010 because the market value of our common stock was within the price range of $33.00 to $39.60 per common share no undistributed earnings were allocated to our Series B Preferred Stock under the two-class method for purposes of calculating basic earnings per share. The dilutive effect of these securities was determined by assuming conversion of the securities at issuance resulting in an increase to the weighted-average common shares outstanding and an increase to Net income attributable to common stockholders for accumulated dividends on our Series B Preferred Stock.

In the year ended December 31, 2010 warrants to purchase 318 million shares were outstanding, of which 46 million were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining 272 million warrants resulted in 106 million dilutive shares for the year ended December 31, 2010.

In the year ended December 31, 2010 diluted earnings per share included the assumed issuance of unvested restricted stock units (RSUs) granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. At December 31, 2010 there were 11 million unvested RSUs outstanding.

In the period July 10, 2009 through December 31, 2009, outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and RSUs were excluded from the computation of diluted earnings per share as these awards were payable in cash during that time. At December 31, 2009 there were 1 million RSUs outstanding.

In the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 the Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

The 61 million shares of common stock contributed to our pension plan in January 2011 will not be included in the computation of earnings per share until they meet the criteria to qualify as plan assets for accounting purposes.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million of stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares.

Due to Old GM's net losses in the year ended December 31, 2008, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. Old GM excluded 101 million such options and warrants in the computation of diluted loss per share.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 as the conversion options in various series of convertible debentures were not in-the-money.

Note 31. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these plans shall not exceed 75 million.

The following table summarizes compensation expense and total Income tax expense recorded for our stock incentive plans (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Compensation expense (a)	$235	$23
Income tax expense (b)	$ —	$ 8

(a) Includes an insignificant amount of restricted stock granted in December 2010.

(b) Income tax expense does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Long-Term Incentive Plan

In 2010 we granted RSUs to certain global executives under the 2009 GMLTIP. We granted 15 million RSUs valued at the grant date fair value of our common stock in the year ended December 31, 2010 and no RSUs under this plan in the period June 10, 2009 through December 31, 2009. Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards are recorded on a straight-line basis over the vesting period. Our policy is to issue new shares upon settlement of RSUs.

The awards for the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

Salary Stock

In November 2009 we initiated a salary stock program for certain global executives under the GMSSP whereby, a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In 2010 a portion of each participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. Our policy is to issue new shares upon settlement of these awards.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Under the terms of the plan, each installment is now redeemable one year earlier from the original settlement date as we have repaid the financial assistance we received from the UST under the TARP program in 2010. Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

The following table summarizes our RSU activity under the 2009 GMLTIP and GMSSP in the period July 10, 2009 through December 31, 2010 (RSUs in millions):

	Successor		
	RSUs		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at July 10, 2009	—	$ —	
Granted	1.1	$16.39	
Settled	—	$ —	
Forfeited or expired	—	$ —	
RSUs outstanding at December 31, 2009	1.1	$16.39	
Granted	17.2	$19.17	
Settled	(0.3)	$16.39	
Forfeited or expired	(0.8)	$18.80	
RSUs outstanding at December 31, 2010	17.2	$19.03	1.8
RSUs unvested and expected to vest at December 31, 2010	11.9	$18.82	2.2
RSUs vested and payable at December 31, 2010	4.7	$19.58	—

At December 31, 2010 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $313 million. This expense is expected to be recorded over a weighted-average period of 2.2 years.

In the year ended December 31, 2010 total payments for 291,753 RSUs settled under the GMSSP was $5 million.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based restricted stock units. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Compensation expense (benefit)	$(10)	$(65)
Income tax expense (benefit) (a)	$ —	$ 3

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Note 32. Transactions with Ally Financial

Automotive

Old GM entered into various operating and financing arrangements with Ally Financial, a related party, and in connection with the 363 Sale we assumed the terms and conditions of these arrangements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Operating lease residuals		
Residual support (a)		
Liabilities (receivables) recorded	$ (24)	$ 369
Maximum obligation	$ 523	$ 1,159
Risk sharing (a)		
Liabilities recorded	$ 269	$ 366
Maximum obligation	$ 692	$ 1,392
Note payable to Ally Financial	$ —	$ 35
Vehicle repurchase obligations		
Maximum obligations	$18,807	$14,249
Fair value of guarantee	$ 21	$ 46

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2010 and 2009 do not include residual support or risk sharing programs. In the year ended December 31, 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Marketing incentives and operating lease residual payments (a)	$1,111	$695	$601	$3,400
Exclusivity fee revenue	$ 99	$ 47	$ 52	$ 105
Royalty income	$ 15	$ 7	$ 8	$ 16

(a) Payments to Ally Financial related to U.S. marketing incentive and operating lease residual programs. Excludes payments to Ally Financial related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, Ally Financial is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. Ally Financial is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to Ally

Financial's standard residual value. As it relates to Ally Financial's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to Ally Financial at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to Ally Financial is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent that remarketing proceeds are below Ally Financial's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay Ally Financial a quarterly fee through 2014.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, Ally Financial will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, Ally Financial will pay the increase in the sale proceeds received at auction.

Under a capitalized cost reduction program, Ally Financial is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, Ally Financial waives the customer's remaining payment obligation under their current lease, and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to Ally Financial each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from Ally Financial are subsequently settled.

In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement included conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs.

Exclusivity Arrangement

In November 2006 Old GM granted Ally Financial exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, Ally Financial paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and Ally Financial agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with Ally Financial provided that pricing with such third parties meets certain requirements; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

In December 2008 Old GM and FIM Holdings entered into the Ally Financial Exchange Agreement with Ally Financial. Pursuant to the Ally Financial Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the Ally Financial Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the Ally Financial Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between Ally Financial and Old GM limited certain unsecured obligations arising from service agreements to Ally Financial in the U.S. to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and Ally Financial agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. Ally Financial's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and Ally Financial also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion at December 31, 2010. Old GM and Ally Financial agreed that the sum of the maximum unsecured and committed secured exposures at December 31, 2010 will not exceed the greater of $3.0 billion or 15% of Ally Financial's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and Ally Financial agreed to expand Old GM's repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. The current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Automotive Retail Leases

In November 2006 Ally Financial transferred automotive retail leases to Old GM, along with related debt and other assets. Ally Financial retained an investment in a note, which is secured by the automotive retail leases. Ally Financial continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. Ally Financial is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, Ally Financial entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while Ally Financial retained the secondary, leaving both companies

exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with Ally Financial that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with Ally Financial giving Ally Financial the right to use the GM name on certain products. In exchange, Ally Financial pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Assets		
Accounts and notes receivable, net (a)	$ 290	$ 404
Restricted cash and marketable securities (b)	$ —	$ 127
Other assets (c)	$ 26	$ 27
Liabilities		
Accounts payable (d)	$ 168	$ 131
Short-term debt and current portion of long-term debt (e)	$1,043	$1,077
Accrued liabilities and other liabilities (f)	$1,167	$ 817
Long-term debt (g)	$ 43	$ 59
Other non-current liabilities (h)	$ 84	$ 383

(a) Represents wholesale settlements due from Ally Financial, amounts owed by Ally Financial with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from Ally Financial that are pledged as collateral for certain guarantees provided to Ally Financial in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(d) Primarily represents amounts billed to us and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest. It includes borrowing arrangements with various foreign locations and arrangements related to Ally Financial's funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to Ally Financial or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor		Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue (reduction) (a)	$(1,383)	$(259)	$207	$(2,350)
Automotive cost of sales and other automotive expenses (b)	$ 36	$ 113	$180	$ 688
Interest income and other non-operating income, net (c)	$ 228	$ 127	$166	$ 192
Automotive interest expense (d)	$ 243	$ 121	$100	$ 221
Servicing expense (e)	$ 2	$ 22	$ 16	$ 144
Derivative losses (f)	$ —	$ 1	$ 2	$ 4

(a) Primarily represents the increase (reduction) in Total net sales and revenue for marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by Ally Financial.

(c) Represents income on investments in Ally Financial preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by Ally Financial for certain services provided to Ally Financial. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to Ally Financial on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with Ally Financial as the counterparty.

Note 33. Transactions with MLC

Automotive

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provided MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2010 we are not obligated to provide any services under the TSA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 1, 2010 we completed the acquisition of the Strasbourg transmission business from MLC. The purchase price was one Euro. Refer to Note 5 for additional information on the acquisition of GMS.

Statement of Operations

The following table summarizes the income statements effect of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Automotive cost of sales (a)	$(19)	$(8)
Interest income and other non-operating income, net	$ —	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheets effect of transactions with MLC (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Accounts and notes receivable, net (a)	$—	$16
Other assets	$—	$ 1
Accounts payable (a)	$ 1	$59
Accrued liabilities	$—	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Operating — Automotive (a)	$(148)	$(88)
Financing — Automotive (b)	$ 5	$ 25

(a) Primarily includes payments to MLC related to the purchase and the sale of component parts.

(b) Payments received from a facility in Strasbourg, France that MLC retained and we subsequently acquired in October 2010.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 34. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$31,476	$33,174	$34,060	$36,882
Automotive gross margin	$ 3,885	$ 4,415	$ 4,592	$ 3,627
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to common stockholders	$ 865	$ 1,334	$ 1,959	$ 510
Net income attributable to common stockholders, per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Net income attributable to common stockholders, per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

	Successor		Predecessor		
	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
2009					
Total net sales and revenue	$25,147	$32,327	$22,431	$ 23,047	$ 1,637
Automotive gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$(13,237)	$128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$(12,905)	$127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.38

GM

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.
- A reversal of our $231 million liability for contingently issuable Adjustment Shares based on a revised assessment of the estimate of allowed general unsecured claims against MLC.
- A gain of $198 million related to our repayment of the VEBA Notes of $2.8 billion.
- Restructuring reserve decrease of $183 million in GMNA primarily related to capacity actions and revisions to productivity initiatives.
- Restructuring charges and interest accretion and other of $154 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Income before income taxes and equity income and net income of $129 million and $90 million related to the October 1, 2010 acquisition of GM Financial including net income of $10 million related to amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Results for the three months ended September 30, 2010 included:

- Restructuring charges and interest accretion and other of $153 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.

- Impairment charges of $140 million related to product-specific tooling assets in GMNA.

Results for the three months ended June 30, 2010 included:

- Restructuring charges and interest accretion and other of $235 million in GME primarily related to separation programs announced in Belgium, the United Kingdom and Germany.

- Charge of $200 million relating to a recall campaign on windshield fluid heaters.

Results for the three months ended March 31, 2010 included:

- Restructuring charges and interest accretion and other of $305 million in GME primarily related to separation programs announced in Belgium and Spain. These charges were partially offset by a favorable adjustment of $104 million related to GMNA restructuring reserves due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites.

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in Ally Financial common stock.

- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.

- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.

- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of Ally Financial Common Membership Interests partially offset by a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion.

- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.

- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.

- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Note 35. Segment Reporting

Consolidated

We design, build and sell cars, trucks and parts worldwide. We also conduct our automotive finance operations through GM Financial. We manage our operations through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy (CAFE) regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes and evaluates GM Financial through Income (loss) before income taxes.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo, SGM, SGMW, FAW-GM and HKJV. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate and Corporate assets, liabilities and results of operations are a component of Total Automotive in our consolidated financial statements. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

09-50026-reg Doc 13299-15 Filed 08/14/15 Entered 08/14/15 19:21:50 Exhibit 15
Pg 281 of 291

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial (a)	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,030	$ —	$ —	$135,142	$ —	$ —	$135,142
Financing operations										
Revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	3,740	314	—	(8,783)	—	—	—	—
Other revenue	—	—	—	35	134	—	169	—	—	169
Total net sales and revenue	$83,035	$24,076	$21,470	$15,379	$ 134	$ (8,783)	$135,311	$ 281	$ —	$135,592
Income (loss) before interest and income taxes	$ 5,748	$ (1,764)	$ 2,262	$ 818	$ 389	$ (105)	$ 7,348	$ 166	$ —	$ 7,514
Corporate interest income					465			—	—	465
Interest expense					1,098			37	—	1,135
Income (loss) before income taxes					(244)			129	$ —	6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets	$76,285	$18,375	$19,655	$12,964	$35,141	$(34,418)	$128,002	$10,940	$(44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Gain on acquisition of GMS	—	(66)	—	—	—	—	(66)	—	—	(66)
Reversal of valuation allowances against deferred tax assets (b)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to product-specific tooling assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ (17)	$ 6	$ —	$ (225)	$ —	$ (2)	$ —	$ —	$ (2)

(a) The financial information presented for our GM Financial segment includes adjustments made to decrease Income tax expense and increase Net income (loss) attributable to stockholders by $10 million and increase Total assets by $22 million to record the effect of changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(b) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
At and For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$ 7,221	$ 7,314	$ —	$ —	$ 57,329
Intersegment	972	139	1,346	81	—	(2,538)	—
Other revenue	—	—	—	4	141	—	145
Total net sales and revenue	$32,426	$11,479	$ 8,567	$ 7,399	$ 141	$ (2,538)	$ 57,474
Income (loss) before interest and income taxes	$ (4,820)	$ (814)	$ 789	$ 417	$ (314)	$ (45)	$ (4,787)
Interest income					184		184
Interest expense					694		694
Income tax expense (benefit)					(1,000)		(1,000)
Net income (loss) attributable to stockholders					$ 176		$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 180	$ 5,798	$ 3	$ 27	$ —	$ 7,936
Total assets	$78,719	$18,824	$17,530	$11,295	$36,475	$(26,548)	$136,295
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$ 110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ 162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(63)	—	(63)
Impairment charges related to investment in Ally Financial common stock	—	—	—	—	270	—	270
UAW OPEB healthcare settlement	2,571	—	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 369	$ —	$ 2,940

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,684	$ —	$ —	$ 46,787
Intersegment	701	133	1,024	51	—	(1,909)	—
Other revenue	—	—	—	1	327	—	328
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$(1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income tax expense (benefit)					(1,166)		(1,166)
Net income attributable to stockholders					$ 123,902		$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

(b) Refer to Note 2 for additional information on Reorganization gains, net.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	**GME**	**GMIO**	**GMSA**	**Corporate**	**Eliminations**	**Total Automotive**
For the Year Ended December 31, 2008							
Sales							
External customers	$ 82,938	$32,440	$18,181	$14,173	$ —	$ —	$147,732
Intersegment	3,249	2,207	5,869	308	—	(11,633)	—
Other revenue	—	—	—	41	1,206	—	1,247
Total net sales and revenue	$ 86,187	$34,647	$24,050	$14,522	$ 1,206	$(11,633)	$148,979
Income (loss) before interest and income taxes	$(12,203)	$ (2,625)	$ (555)	$ 1,076	$(13,041)	$ 41	$ (27,307)
Interest income					655		655
Interest expense					2,525		2,525
Income tax expense					1,766		1,766
Net income (loss) attributable to stockholders					$(16,677)		$ (30,943)
Expenditures for property	$ 4,242	$ 1,345	$ 1,063	$ 343	$ 537	$ —	$ 7,530
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 5,910	$ 2,353	$ 700	$ 243	$ 808	$ —	$ 10,014
Equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ (6,183)	$ —	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 31	$ 354	$ —	$ 2	$ —	$ 186
Significant noncash charges (gains)							
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ —	$ 7,099
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	—	1,001	—	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	—	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	—	62
Impairment charges related to goodwill	154	456	—	—	—	—	610
Impairment charges related to long-lived assets	411	497	94	8	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	—	340
Valuation allowances against deferred tax assets (a)	—	—	—	—	1,450	—	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 94	$ 8	$ 9,722	$ —	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Canada and Mexico	10,195	2,773	4,682	3,031	3,486	5,943	12,983	5,898
GM Financial								
U.S.	279	46	—	—	—	—	—	—
Canada	2	1	—	—	—	—	—	—
Europe								
France	1,820	63	923	17	1,024	67	2,629	264
Germany	5,004	1,852	2,851	2,299	3,817	3,670	6,663	4,013
Italy	2,509	176	1,119	192	1,221	169	3,169	183
Spain	1,398	665	862	778	609	1,206	1,711	1,230
United Kingdom	5,253	761	2,531	815	2,749	1,189	7,142	1,066
Other European Countries	6,905	764	3,046	839	3,024	1,821	11,195	2,402
Asia								
Korea	7,301	1,519	3,014	982	2,044	1,941	7,131	2,115
Thailand	561	341	166	151	103	383	560	395
Other Asian Countries	482	74	575	47	435	347	1,098	309
South America								
Argentina	1,215	183	436	195	363	131	1,147	120
Brazil	9,513	1,425	4,910	1,142	3,347	1,081	8,329	890
Venezuela	1,130	47	850	46	981	43	2,107	43
Other South American Countries	3,220	166	1,136	157	984	102	2,653	72
All Other Geographic Locations	6,069	643	2,366	481	1,776	1,158	5,080	1,144
Total consolidated	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Non-U.S.	62,577	11,453	29,467	11,172	25,963	19,251	73,597	20,144
Total U.S. and non-U.S.	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 36. Supplemental Information for Consolidated Statements of Cash Flows

Consolidated

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Accounts receivable	$ (641)	$ 660	$ (268)	$ 1,315
Prepaid expenses and other deferred charges	299	315	1,416	(287)
Inventories	(2,229)	(315)	3,509	77
Accounts payable	2,259	5,363	(8,846)	(4,556)
Income taxes payable	51	401	606	1,044
Accrued liabilities and other liabilities	(92)	(3,225)	(6,815)	1,607
Fleet rental — acquisitions	(3,625)	(1,198)	(961)	(4,157)
Fleet rental — liquidations	2,997	1,371	1,130	5,051
Total	$ (981)	$ 3,372	$(10,229)	$ 94
Cash paid for interest — Automotive	$ 1,001	$ 618	$ 2,513	$ 2,484
Cash paid for interest — GM Financial	66			
Total cash paid for interest	$ 1,067			

* * * * * * *

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2010. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2010.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2010, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2010.

Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2010. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Remediation and Changes in Internal Controls

In our 2009 Annual Report on Form 10-K, we identified a material weakness because we did not maintain effective controls over the period-end financial reporting process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In 2009, significant activities were performed in remediating the material weakness. However, we were not able to sufficiently test the operating effectiveness of certain remediated internal controls given the limited time that controls were in operation. During 2010, management led various initiatives to further enhance our controls over period-end financial reporting, including training and enhanced procedures related to the preparation of the statement of cash flows, to help ensure controls over the period-end financial reporting process would operate as they had been designed and deployed during the 2009 material weakness remediation efforts. Based upon the actions taken and our testing and evaluation of the effectiveness of our internal controls, we have concluded the material weakness related to controls over the period-end financial reporting process no longer existed as of December 31, 2010.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2010, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON
Daniel F. Akerson
Chairman and Chief Executive Officer

March 1, 2011

/s/ CHRISTOPHER P. LIDDELL
Christopher P. Liddell
Vice Chairman and Chief Financial Officer

March 1, 2011

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$250	93	—	91	—	$252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$338	157	—	73	—	$422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43

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291

General Information

Common Stock

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

Preferred Stock

4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol:
GM PR B - New York Stock Exchange

Annual Meeting

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Tuesday, June 7, 2011, in Detroit, Michigan.

Stockholder Assistance

Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334
(from outside the United States, Canada or Puerto Rico).

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service (888-887-8945) and the Computershare website at *www.computershare.com/gm* are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

Electronic Delivery of Annual Meeting Materials

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at *www.computershare.com/gm*. If your GM stock is held through a broker, bank or other nominee, contact it directly.

Securities and Institutional Analyst Queries

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

Available Publications

GM's current Annual Report, Proxy Statement, Forms 10-K and 10-Q and *Winning With Integrity* (code of ethics) are available online at *www.gm.com/investors*.

Print copies may be requested on our website or from GM Stockholder Services at the address listed above.

Visit GM on the Internet

Learn more about the new General Motors vehicles and services on our website at *www.gm.com*.

GM Customer Assistance Centers

To request product information or to receive assistance with your vehicle, please contact the appropriate marketing unit:

Buick: 800-521-7300
Cadillac: 800-458-8006
Chevrolet: 800-222-1020
GMC: 800-462-8782

HUMMER: 866-486-6376
Oldsmobile: 800-442-6537
Pontiac: 800-762-2737
Saab: 800-955-9007
Saturn: 800-553-6000

GM of Canada: 800-263-3777
GM Mobility: 800-323-9935

Other Products and Services

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OnStar: 888-667-8277

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Exhibit 14

VISION *in Motion*

GENERAL MOTORS COMPANY 2011 ANNUAL REPORT

Every driver of a GM car, crossover or truck is a driver of our growth. We're putting our vision in motion by putting our customers first—executing our strategy to attract and delight more of them every day, all over the world.

Please go to www.gmannualreport.com to view our new online annual report—a view of our year, our strategy, our vehicles and more.

Dear Stockholder:

DANIEL F. AKERSON
Chairman & Chief Executive Officer

On behalf of all of us at today's General Motors, thank you for investing in GM. The team here has been working very hard to earn the business of customers around the world and to win the confidence of investors like you.

Your company is on the move once again. While there were highs and lows in 2011, our overall report card shows very solid marks, including record net income attributable to common stockholders of $7.6 billion and EBIT-adjusted income of $8.3 billion.

What's just as compelling to me is the story behind the numbers. It shows how we are addressing our challenges and positioning this company for sustained profitable growth around the world.

Here are just some of the highlights from 2011:

- GM increased its global market share by 0.4 percentage points from 2010 to 11.9 percent in 2011.
- GM's overall momentum, including a 13 percent sales increase in the United States, created new jobs and drove investments. We have announced investments in 29 U.S. facilities totaling more than $7.1 billion since July 2009, with more than 17,500 jobs created or retained.
- Our suppliers and dealers are investing for the future right alongside us. In fact, more than 3,400 dealerships in the United States are undergoing upgrades and renovations to improve the customer sales and service experience.
- In China, GM is the clear market leader and we continued to outpace the competition in 2011. Sales by GM and our joint venture partners increased more than 8 percent compared with 2010, and our market share was up 0.7 percentage points to 13.6 percent.
- We managed our way through the aftermath of the Japanese earthquake and tsunami without any material impact on our operations thanks to great teamwork between GM and our supplier partners.
- We sold our equity interest in Delphi Automotive and our preferred stock holdings in Ally Financial for a combined $4.8 billion to simplify and further strengthen our "fortress" balance sheet.
- GM and the UAW negotiated a new four-year labor agreement that protects our low break-even level in the United States, preserves our fortress balance sheet and creates a more transparent and aligned profit sharing plan. We are also giving employees the opportunity to benefit financially when they improve the initial quality of GM vehicles.
- We strengthened our global leadership team, with new leaders in finance, product development, human resources and other critical areas.

Both Moody's Investors Service and Standard & Poor's recognize just how far we've come, and have upgraded our corporate credit ratings to one notch below investment grade. Achieving investment grade status is something we will earn by remaining focused on our four guiding principles, and executing them with passion, relentless attention to detail and true accountability.

The four principles I'm talking about have not changed since GM's initial public offering:

Design, Build and Sell the World's Best Vehicles

This pillar is intended to keep the customer at the center of everything we do, and success is pretty easy to define. It means creating vehicles that people desire, value and are proud to own. When we get this right, it transforms our reputation and the company's bottom line.

Just look at the performance of the 2012 Chevrolet Cruze in the United States and compare it to the 2010 Chevrolet Cobalt. The average transaction price for a Cruze is about 28 percent higher, its projected resale value after three years is about 32 percent higher and it gets up to 14 percent better highway fuel economy, according to EPA estimates. This is the kind of success we plan to replicate every opportunity we get.

The Chevrolet Volt and Opel Ampera extended-range electric vehicles are two other great examples. Between them, they have won nearly every major product award, including both the North American and European Car of the Year. More meaningfully, a respected third-party survey found that nearly every Volt customer would buy the same car again. When the final word on these products is written, they are going to be viewed as milestones for the industry – not just for GM.

In 2012, we're moving even faster and more aggressively on the product front. In the United States, we will have all-new or redesigned cars and crossovers in segments that represent 60 percent of the retail light vehicle industry. This includes the new Cadillac XTS and ATS luxury sedans and the Chevrolet Spark minicar – all of which enter segments where we don't compete today.

Each of these new products is part of an aggressive cadence of more than 20 major vehicle launches around the world, including the Opel Mokka in Europe, the Chevrolet Sail in Asia and the Chevrolet Colorado in South America.

In some markets, these vehicles will help expand our leadership. In other regions, they will give us new momentum. In every market, they will be noticed.

Strengthen Brand Value

Clarity of purpose and consistency of execution are the cornerstones of our product strategy, and two brands will drive our global growth. They are Chevrolet, which embodies the qualities of value, reliability, performance and expressive design; and Cadillac, which creates luxury vehicles that are provocative and powerful. At the same time, the Holden, Buick, GMC, Baojun, Opel and Vauxhall brands are being carefully cultivated to satisfy as many customers as possible in select regions.

Grow Profitably Around the World

Between 2012 and 2016, industry analysts forecast growth of approximately 12.8 million units in just four large developing markets – Brazil, Russia, India and China. I believe that GM is clearly the best-positioned automaker to take advantage of the trend. We are the market leader in the United States and China; we are increasingly well-positioned in Russia, Brazil and India; and we have sizable operations throughout Europe, the rest of South America and Asia.

We are not yet reaping the full financial benefits of this scale. But we expect to – by taking decisive action to eliminate complexity and reduce cost. Delivering permanent solutions to these challenges is a priority for the leadership team, and I'll outline our plans to address them later in this letter.

Becoming far more efficient in our operations is a priority in order to fund our global growth. Today, roughly 70 percent of our sales are outside the United States and that percentage is expected to grow over time. Already, three of GM's five best-selling vehicles in 2011 – the Chevrolet Cruze, the Wuling Sunshine and the Wuling Rongguang – derived all or a significant share of their volume from China.

Maintain a Fortress Balance Sheet

We call our balance sheet a fortress because we want it to be impregnable so we can meet all of our obligations and create value even in the toughest economy.

We're already there in terms of reduced automotive debt, which was $5.3 billion at the end of 2011, and we have built total liquidity of $37.5 billion, including $31.6 billion in cash and marketable securities. To keep the fortress balance sheet secure we are committed to maintaining minimal automotive debt and a low break-even level.

We continuously reinforce this strategy at all levels of the organization to make sure everyone understands the direct linkage between a strong balance sheet and a stable, robust product plan. A strong balance sheet enables us to invest in product development even during a down economic cycle. This allows us to take advantage of future growth opportunities when the economic cycle recovers. Over time, the incremental revenue generated by an optimized product plan is going to help us achieve another important objective, which is to return excess cash to stockholders.

As confident as we are in our plan, and with all that's going right, we still have a lot of work to do in 2012 and beyond. At the top of the list is fixing our businesses in Europe and South America.

We accomplished a lot in Europe in 2010 and 2011 with new products and concrete actions that reduced our break-even level. However, issues like industry-wide overcapacity and high fixed costs remain, and that left the business vulnerable as key economies got weaker.

While our issues in Europe have been intractable, they are not insurmountable. Our new leadership team in Europe is already finding creative opportunities to reduce costs and complexity, which is the aim of our alliance with PSA Peugeot Citroën. We'll continue to work on both revenue and cost opportunities until we have restored the region to consistent profitability.

We are also in the process of launching seven new vehicles in Brazil as part of a comprehensive strategy to return our South America region to profitability after a disappointing loss in 2011.

Another issue that we are aggressively managing is our U.S. pension liability. Our pension derisking is well underway. We ended the year with our qualified U.S. plans 88 percent funded; we have capped the number of hourly and salaried participants; our UAW contract contains no pension increase, and in September accrued benefits for the salaried employees who remain in the plan will be frozen.

All of these initiatives will help improve GM's EBIT-adjusted margins over time and will better leverage our global scale, which is one of our fundamental challenges.

Quite simply, we have too many vehicle and powertrain architectures relative to our global volume and customer needs. We have had too many ad agencies and media buyers for our tightly focused collection of brands, and I can cite many more examples of complexity and waste up and down and throughout the organization. Rest assured we are systematically rooting them out.

For example, we are implementing plans to reduce the number of vehicle and powertrain architectures by half in less than a decade, we have consolidated our global Chevrolet advertising account and GM's global media planning and buying services, and there's more to come as we change the culture of the organization to instill an unwavering commitment to peak performance.

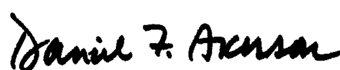
This commitment to peak performance is part of a broader culture change underway at GM – change that goes a long way toward explaining why we accomplished so much in our first full year as a public company.

Each day the cultural change underway at GM becomes more striking. The old internally focused, consensus-driven and overly complicated GM is being reinvented brick by brick, by truly accountable executives who know how to take calculated risks and lead global teams that are committed to building the best vehicles in the world as efficiently as we can.

That's the crux of our plan. The plan is something we can control. We like the results we're starting to see and we're going to stick to it – always.

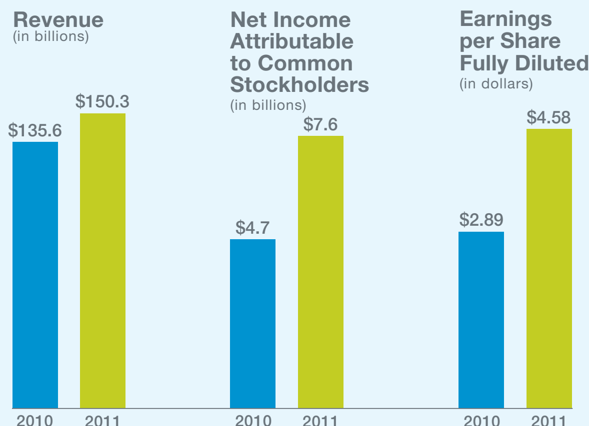
That's my commitment to you.

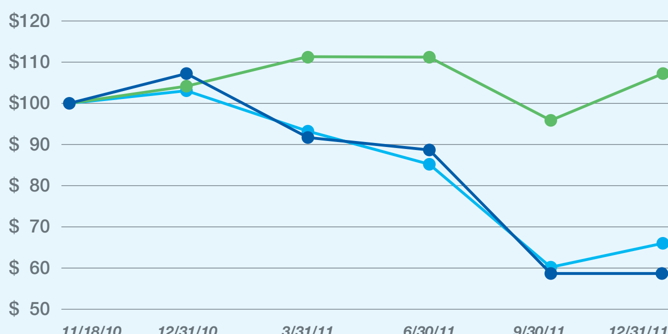
Sincerely,



Daniel F. Akerson
Chairman & Chief Executive Officer

Highlights





	11/18/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
General Motors Company	$100	$108	$ 91	$ 89	$59	$ 59
S&P 500 Index	$100	$105	$112	$112	$96	$108
Ford	$100	$104	$ 92	$ 86	$60	$ 67

Source: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford, with reinvestment of dividends.

VEHICLE SALES & NET REVENUE

(in millions, except per share & units)	2011	2010
VEHICLE SALES, INCLUDING JOINT VENTURES — (000'S UNITS)		
GMNA	2,924	2,625
GME	1,735	1,663
GMIO	3,302	3,072
GMSA	1,065	1,025
Worldwide Vehicle Sales	**9,026**	**8,385**
Worldwide Net Sales & Revenue	**$150,276**	**$135,592**
FINANCIAL RESULTS		
Earnings Before Interest and Income Taxes - Adjusted*	$ 8,304	$ 7,030
Net Income Attributable to Common Stockholders	$ 7,585	$ 4,668
Diluted Earnings Per Share	$ 4.58	$ 2.89
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Total Automotive Liquidity		
Cash and Marketable Securities**	$ 31,647	$ 27,624
Credit Facilities	5,867	5,919
Total Automotive Liquidity	**$ 37,514**	**$ 33,543**
Key Automotive Obligations		
Debt	$ 5,295	$ 4,630
Underfunded U.S. Pension	14,213	12,388
Total Key Automotive Obligations	**$ 19,508**	**$ 17,018**
AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 7,429	$ 6,589
Capital Expenditures	(6,241)	(4,200)
Automotive Free Cash Flow	**$ 1,188**	**$ 2,389**
EMPLOYMENT — YEAR END (000'S)		
GMNA	98	96
GME	39	40
GMIO	34	32
GMSA	33	31
GM Financial	3	3
Worldwide Employment	**207**	**202**

*Includes GM Financial on an Earnings Before Tax basis
** Cash includes Canadian Health Care Trust restricted cash

General Motors Company and Subsidiaries
Reconciliation of Non-GAAP Measures

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Automotive free cash flow, which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Automotive free cash flow are considered non-GAAP financial measures.

Management believes these non-GAAP financial measures provide meaningful supplemental information regarding GM's operating results because they exclude amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. Accordingly, GM believes these non-GAAP financial measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP financial measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP financial measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP financial measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (in millions):

	2011	2010
Operating segments		
GMNA (a)	$7,194	$5,688
GME (a)	(747)	(1,953)
GMIO (a)	1,897	2,262
GMSA (a)	(122)	818
GM Financial (b)	622	129
Total operating segments (b)	8,844	6,944
Corporate and eliminations	(540)	86
EBIT-adjusted (b)	**$8,304**	**$7,030**
Special items (c)	861	447
Corporate interest income	455	465
Automotive interest expense	540	1,098
Income tax expense (benefit)	(110)	672
Net income attributable to stockholders	**$9,190**	**$6,172**

(a) Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.
(b) GM Financial amounts represent income before income taxes.
(c) The following summarizes the special items:

In the year ended December 31, 2011, special items included the following:

- Gain of $1.6 billion in GMNA related to the sale of GM's Class A Membership Interests in Delphi Automotive LLP;
- Goodwill impairment charges of $1.0 billion in GME and $258 million in GMIO;
- Gain of $749 million in GMNA related to Canadian Health Care Trust settlement;
- Impairment charges of $555 million in Corporate related to GM's investments in Ally Financial common stock;
- Gain of $339 million in Corporate related to the sale of 100% of the Ally Financial preferred stock;
- Charge of $106 million in GMIO related to GM's India joint venture; and
- Gain of $63 million in GMSA related to extinguishment of debt.

In the year ended December 31, 2010, special items included the following:

- Gain of $198 million in Corporate related to extinguishment of the VEBA Notes;
- Gain of $123 million in GME related to the sale of Saab Automobile AB to Spyker Cars NV;
- Gain of $66 million in GME related to the acquisition of General Motors Strasbourg S.A.S.; and
- Gain of $60 million in GMNA related to the sale of Nexteer Automotive Corporation, a manufacturer of steering components and half-shafts.

09-50026-reg Doc 13377-6 Filed 08/14/15 Entered 08/14/15 19:02:50 Exhibit 6

Financial Contents

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	7
Selected Financial Data	8
Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Quantitative and Qualitative Disclosures About Market Risk	66
Financial Statements and Supplementary Data	74
Consolidated Statements of Operations	74
Consolidated Balance Sheets	75
Consolidated Statements of Cash Flows	76
Consolidated Statements of Equity (Deficit)	78
Notes to Consolidated Financial Statements	80
Controls and Procedures	193
Financial Statement Schedule II — Valuation and Qualifying Accounts	194

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result the table below for the year ended December 31, 2010 only provides data with respect to the fourth quarter of 2010.

Quarterly price ranges based on high and low prices from intraday trades of our common stock on the New York Stock Exchange, the principal market in which the stock is traded, are as follows:

	Year Ended December 31, 2011		Year Ended December 31, 2010	
	High	Low	High	Low
Quarter				
First	$39.48	$30.20	N/A	N/A
Second	$33.47	$28.17	N/A	N/A
Third	$32.08	$19.77	N/A	N/A
Fourth	$26.55	$19.00	$36.98	$33.07

Holders

At February 15, 2012 we had a total of 1.6 billion issued and outstanding shares of common stock held by 276 holders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facility and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(Dollars in millions except per share amounts)

	Successor			Predecessor		
	Year Ended December 31,		July 10, 2009 Through December 31,	January 1, 2009 Through July 9,	Year Ended December 31,	
	2011	2010	2009 (a)	2009	2008	2007
Income Statement Data:						
Total net sales and revenue (b)	$150,276	$135,592	$ 57,474	$ 47,115	$148,979	$179,984
Reorganization gains, net (c)	$ —	$ —	$ —	$128,155	$ —	$ —
Income (loss) from continuing operations	$ 9,287	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)
Income from discontinued operations, net of tax	—	—	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	—	—	4,293
Net income (loss)	9,287	6,503	(3,786)	109,003	(31,051)	(38,136)
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115	108	(406)
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118	$ (30,943)	$ (38,542)
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share: (d)						
Income (loss) from continuing operations attributable to common stockholders	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)
Diluted earnings (loss) per share: (d)						
Income (loss) from continuing operations attributable to common stockholders	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)
Cash dividends per common share	$ —	$ —	$ —	$ —	$ 0.50	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (b)	$144,603	$138,898	$136,295		$ 91,039	$148,846
Automotive notes and loans payable (e)(f)	$ 5,295	$ 4,630	$ 15,783		$ 45,938	$ 43,578
GM Financial notes and loans payable (b)	$ 8,538	$ 7,032				
Series A Preferred Stock (h)	$ 5,536	$ 5,536	$ 6,998		$ —	$ —
Series B Preferred Stock (i)	$ 4,855	$ 4,855	$ —		$ —	$ —
Equity (deficit) (g)	$ 38,991	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)

(a) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(b) General Motors Financial Company, Inc. (GM Financial) was consolidated effective October 1, 2010.

(c) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (Bankruptcy Code) in the Bankruptcy Court, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries (collectively the Sellers) and the application of fresh-start reporting. Refer to Note 32 to our consolidated financial statements for additional detail.

(d) In the year ended December 31, 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock is a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 26 to our consolidated financial statements for additional detail.

(e) In December 2008 Old GM entered into a loan agreement, as amended, with the United States Treasury (UST) in December 2008 (UST Loan Agreement), pursuant to which the UST agreed to provide a $13.4 billion borrowing facility.

(f) In December 2010 GM Korea Company (GM Korea) terminated $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(g) Series A preferred stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

(h) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for $2.1 billion.

(i) Series B Preferred Stock was issued in a public offering in November and December 2010.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations (MD&A) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this MD&A, for the periods on or before July 9, 2009, as "Old GM" and is the predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this MD&A for the periods after July 10, 2009 as "MLC." On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Presentation and Estimates

Basis of Presentation

This MD&A should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Prior Period Financial Statements Conformed to Current Period Presentation

We changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

In the year ended December 31, 2011 we have recorded foreign currency exchange gains and losses on debt as non-operating items. This is a change from prior period presentations in which foreign currency exchange gains and losses on debt were recorded in Automotive cost of sales. We have reclassified all the successor prior periods to conform to our current presentation. The effects of this reclassification decreased Automotive cost of sales and Interest income and other non-operating income, net by $24 million for the year ended December 31, 2010 and $65 million for the period July 10, 2009 through December 31, 2009.

Overview

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange. In April 2011 in connection with MLC's distribution of warrants for our common stock to its unsecured creditors, we listed the warrants expiring July 10, 2016 and the warrants expiring July 10, 2019 on the New York Stock Exchange.

Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the Chevrolet Volt. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers. Of our total 2011 vehicle sales volume, 72.3% was generated outside the U.S., including 43.4% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean, represented 32.4% of our vehicle sales volume in 2011 and we had the largest market share in this market at 18.4%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 19.2% of our vehicle sales volume in 2011. In 2011 we had the number four market share in this market at 8.8%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.

- GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 36.6% of our global vehicle sales volume including sales through our joint ventures in 2011. In 2011 we had the number two market share for this market at 9.5% and the number one market share in China. In 2011 GMIO derived 77.1% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay represented 11.8% of our vehicle sales volume in 2011. In 2011 we had the largest market share for this market at 18.8% and the number three market share in Brazil. In 2011 GMSA derived 59.4% of its vehicle sales volume from Brazil.

Automotive Financing — GM Financial

GM Financial specializes in purchasing retail automobile installment sales contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers lease products through GM dealerships in connection with the sale of used and new automobiles that target customers with sub-prime and prime credit bureau scores. GM Financial primarily generates revenue and cash flows through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities (SPEs) that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining continued 2009 funding under the UST Loan Agreement, Old GM was required to submit a plan in February 2009 that included specific actions (Viability Plan) intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;

- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets: (1) debt reduction of at least two-thirds; (2) labor modifications to achieve an average compensation competitive with that of foreign-owned U.S. domiciled automakers, and; (3) modification of certain retiree healthcare obligations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009. Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan), the most significant of which included reducing Old GM's indebtedness and certain retiree healthcare (VEBA) obligations.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the Bankruptcy Code in the Bankruptcy Court.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
Description of Funding Commitment			
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of $3.9 billion that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM from the Sellers. The 363 Sale was consummated in accordance with a purchase agreement, dated June 26, 2009, as amended, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of shares of our common stock and warrants to acquire newly issued shares of our common stock as presented in the following section entitled "Issuance of Common Stock, Preferred Stock and Warrants;" and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the purchase agreement, we are obligated to issue additional shares of our common stock (Adjustment Shares) to the GUC Trust following the dissolution of MLC in the event that allowed general unsecured claims against MLC, as approved by the Bankruptcy Court, exceed $35.0 billion. Refer to Note 20 to our consolidated financial statements for a description of the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion that Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the loan principal balance to $6.7 billion. We issued notes in the principal amount of $2.5 billion (VEBA Notes) to the UAW Retiree Medical Benefits Trust (New VEBA). Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated loan agreement with EDC (Canadian Loan Agreement), as a result of which GMCL had a $1.3 billion term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Credit Agreement and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010 we used funds from our escrow account to repay in full the outstanding amount of the UST Credit Agreement of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 17 to our consolidated financial statements for additional information on the UST Credit Agreement, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation, a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock (b)
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a tranche of warrants to acquire 46 million shares of our common stock and MLC received two tranches of warrants, each to acquire 136 million shares of our common stock. Refer to Note 25 to our consolidated financial statements for additional description of warrants.

(b) Refer to Note 25 to our consolidated financial statements for a description of the Series A Preferred Stock.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. Refer to Note 18 to our consolidated financial statements for a description of the changes to these plans.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement that they be reported separately. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to other periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined Automotive Total net sales and revenue data comparing the Total net sales and revenue between years presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial's loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

Focus on Chinese Market

We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick and Chevrolet brands. In the coming years, we plan to

increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in Chinese markets through a number of joint ventures and maintaining good relations with our joint ventures partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

The following table summarizes our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs:

	Successor	
	December 31, 2011	December 31, 2010
Shanghai General Motors Co., Ltd. (SGM) (a)	49%	49%
Shanghai GM Norsom Motor Co., Ltd.	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd.	25%	25%
Shanghai GM Dong Yue Powertrain	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (b)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd.	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd.	33%	33%
SAIC General Motors Sales Co., Ltd.	49%	

(a) Ownership interest in SGM was 49% in the period February 1, 2010 through December 31, 2011 and 50% in the month of January 2010.

(b) Ownership interest in SGMW was 44% in the period November 16, 2010 through December 31, 2010 and 34% in the period January 1, 2010 through November 15, 2010.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Total wholesale vehicles (a)	2,573	2,348	1,824
Market share (b)	13.6%	12.8%	13.3%
Total net sales and revenue	$30,511	$25,395	$18,098
Net income	$ 3,203	$ 2,808	$ 1,636

	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 4,679	$ 5,247
Debt	$ 106	$ 61

(a) Including vehicles exported to markets outside of China.

(b) Market share for China market.

Automotive Financing Strategy

Our automotive financing strategy centers around ensuring that our dealers and customers have consistently available, transparent and competitive financing options throughout the business and credit cycles.

Historically Ally Financial, Inc. (Ally Financial) has provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial historically has been our exclusive financing partner for incentivized retail financing programs in our major markets. Ally Financial continues to provide the majority of the financing needs of our dealers and customers.

The market disruption of 2008 and 2009 highlighted the need to ensure certainty of availability of credit throughout economic cycles in specific segments of the automotive financing market. In the U.S. and Canada we identified leasing and sub-prime lending as underserved areas that could benefit from increased financing sources and competition. In 2009 we partnered with a bank to offer incentivized leasing programs and with GM Financial to offer incentivized sub-prime retail financing in the U.S. We also partnered with a bank to offer incentivized retail financing programs in Canada.

In October 2010 we acquired GM Financial to further bolster our offerings in the leasing and sub-prime financing segments in the U.S. and Canada. We believe that by having our own capabilities in key segments of the market we will be able to achieve more competition and better service from the market, while ensuring certainty of availability through the business cycles.

In April 2011 GM Financial began originating leases for our customers in Canada. Given the importance of leasing and the current lack of availability of leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. GM Financial began originating leases for GM customers in Canada via FinanciaLinx Corporation in April 2011.

We will continue to expand the business of GM Financial in targeted areas, including wholesale lending, that we view as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market, both in the U.S. and internationally. We expect any expansion of GM Financial or any arrangements with other financing providers will complement our important relationship with Ally Financial.

Restructuring Activities

Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the closure of the Antwerp, Belgium facility. We expect to incur an additional $0.1 billion, primarily in 2012, to complete these programs, which will affect an additional 500 employees.

We implemented a voluntary separation program in Brazil in the three months ended December 31, 2011. A total of 900 employees participated in the program at a total cost of $0.1 billion. At December 31, 2011 a majority of the 900 employees have left the Company with the remainder expected to leave by March 31, 2012. All charges and liabilities related to this program were recorded in the three months ended December 31, 2011 as employees accepted offers.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

2011 GM-UAW Labor Agreement

In September 2011 we entered into a collectively bargained labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The agreement covers the wages, hours, benefits and other terms and conditions of employment for our UAW represented employees. The key terms and provisions of the agreement are:

- Lump sum payments to eligible U.S. hourly employees of $5,000 were paid in October 2011 totaling $0.2 billion. Additional lump sum payments of $1,000 will be paid annually in June of 2012, 2013 and 2014 totaling $0.1 billion. These lump sum payments are being amortized over the four year agreement period.

- An annual payment of $250 per U.S. hourly employee upon attainment of specific U.S. vehicle quality targets.

- An increase in wages for certain entry level employees hired on or after October 1, 2007.

- A cash balance pension plan for entry level employees will be frozen on January 2, 2012 and terminated on June 30, 2012, or as soon as practicable thereafter, subject to required regulatory approvals. Participants in this plan and all employees hired on or after October 1, 2007 will participate in a defined contribution plan when this plan is frozen.

- A plan which provides legal services to U.S. hourly employees and retirees will be terminated on December 31, 2013. In September 2011 we remeasured this plan resulting in a decrease of $0.3 billion in the other postretirement benefits (OPEB) liability and a pre-tax increase in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

- The profit sharing plan formula will be based on GMNA earnings before interest and taxes (EBIT) adjusted and is effective for the 2011 plan year. The profit sharing payment is capped at $12,000 per employee per year.

- Cash severance incentive programs which may range up to $0.1 billion for skilled trade employees will be included in our restructuring liability upon irrevocable acceptances by both parties.

- We plan to make additional manufacturing investments of more than $2.0 billion to create or retain more than 6,300 UAW jobs during the four year agreement period.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between GMCL and the Canadian Auto Workers Union (CAW) an independent Canadian Health Care Trust (HCT) was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $749 million. Refer to Note 18 to our consolidated financial statements for further details regarding the implementation of the HCT.

Pensions

As part of our long-term derisking strategy, changes in the pension portfolio mix resulted in a decrease in the U. S. pension expected weighted-average rate of return on assets from 8.0% in 2011 to 6.5% for the hourly pension plan and 5.7% for the salary pension plan starting on January 1, 2012. GMNA pension income will decline by an estimated $0.8 billion in 2012, due to the reduced expected rate of return on plan assets of $1.4 billion, offset by net decreases to other components of pension expense of $0.6 billion, primarily interest cost.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

U.S. Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements (DBGA) provided contingent benefit guarantees for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. DBGA were affected by the settlement of the Pension

Benefit Guarantee Corporation (PBGC) claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the DBGA.

U.S. Salaried Benefit Changes

In January 2012 we amended the U.S. salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. Active plan participants will receive additional contributions in the defined contribution plan starting in October 2012.

In 2009 U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW entered into an agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan as a settlement, and recorded a settlement loss of $2.6 billion.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 members of the CAW ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations in 2011 because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

Refer to Note 2 to our consolidated financial statements for additional details regarding amounts pending government approval for settlement and the net assets of our Venezuelan subsidiaries. Refer to "Management's Discussion and Analysis — GM South America — GMSA EBIT (Loss)-Adjusted" for impact of Venezuela exchange restrictions on our operations.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer Automotive Corporation (Nexteer) and four domestic facilities that manufacture steering systems and a variety of automotive components, primarily sold to us. We, along with several third party investors (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through Delphi Automotive LLP (New Delphi).

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the master restructuring agreement with limited exceptions, and established an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. Refer to Note 4 to our consolidated financial statements for further details on the acquisition of New Delphi Class A membership interests.

In separate agreements, we, Delphi and the PBGC negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA.

In March 2011 we sold 100% of our Class A Membership Interests in New Delphi. Refer to Note 10 to our consolidated financial statements for details regarding the sale of our equity interests in New Delphi.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results of Operations
(Dollars in Millions)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Net sales and revenue				
Automotive sales and revenue	$148,866	$135,311	$57,474	$ 47,115
GM Financial revenue	1,410	281	—	—
Total net sales and revenue	150,276	135,592	57,474	47,115
Costs and expenses				
Automotive cost of sales	130,386	118,768	56,316	55,814
GM Financial operating and other expenses	785	152	—	—
Automotive selling, general and administrative expense	12,105	11,446	6,006	6,161
Other automotive expenses, net	58	118	15	1,235
Goodwill impairment charges	1,286	—	—	—
Total costs and expenses	144,620	130,484	62,337	63,210
Operating income (loss)	5,656	5,108	(4,863)	(16,095)
Equity in income of and disposition of interest in Ally Financial	—	—	—	1,380
Automotive interest expense	540	1,098	694	5,428
Interest income and other non-operating income, net	851	1,531	375	852
Gain (loss) on extinguishment of debt	18	196	(101)	(1,088)
Reorganization gains, net	—	—	—	128,155
Income (loss) before income taxes and equity income	5,985	5,737	(5,283)	107,776
Income tax expense (benefit)	(110)	672	(1,000)	(1,166)
Equity income, net of tax and gain on disposal of investments	3,192	1,438	497	61
Net income (loss)	9,287	6,503	(3,786)	109,003
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, expense and income taxes as well as certain additional amounts. Management does not consider these excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes. Such adjustments include impairment charges related to goodwill and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments. Management believes this measure allows it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT-adjusted is useful in allowing for greater transparency of our core operations and are therefore used by management in its financial and operational decision-making.

While management believes that EBIT-adjusted provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT-adjusted may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT-adjusted has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to stockholders. Due to these limitations, EBIT-adjusted is used as a supplement to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. EBIT-adjusted is not presented for the period January 1, 2009 through July 9, 2009 as Old GM did not identify adjustments to EBIT during this period.

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income (loss) attributable to stockholders and provides supplemental detail of the adjustments (dollars in millions):

	Successor						Predecessor	
	Year Ended December 31, 2011		Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009	
Automotive								
EBIT-adjusted								
GMNA (a)	$7,194	93.6%	$ 5,688	82.4%	$(2,065)	130.3%	$ (11,092)	(9.8)%
GME (a)	(747)	(9.7)%	(1,953)	(28.3)%	(814)	51.4%	(2,815)	(2.5)%
GMIO (a)	1,897	24.7%	2,262	32.8%	789	(49.8)%	(486)	(0.4)%
GMSA (a)	(122)	(1.6)%	818	11.9%	417	(26.3)%	(454)	(0.4)%
Corporate and eliminations (b)	(540)	(7.0)%	86	1.2%	88	(5.6)%	128,044	113.1%
Total automotive EBIT-adjusted	7,682	100.0%	6,901	100.0%	(1,585)	100.0%	113,197	100.0%
Adjustments	861		447		(3,202)		—	
Corporate interest income	455		465		184		183	
Automotive interest expense	540		1,098		694		5,428	
Automotive Financing								
GM Financial income before income taxes	622		129					
Consolidated Income Taxes								
Income tax expense (benefit)	(110)		672		(1,000)		(1,166)	
Net income (loss) attributable to stockholders	$9,190		$ 6,172		$(4,297)		$109,118	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

	Successor					
	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$ 1,645	$ —	$ —	$—	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to HKJV	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments	$ 2,394	$(1,016)	$(364)	$63	$(216)	$ 861

	Successor					
	Year Ended December 31, 2010					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on extinguishment of the VEBA Notes	$ —	$ —	$ —	$—	$ 198	$ 198
Gain on sale of Saab	—	123	—	—	—	123
Gain on acquisition of GMS	—	66	—	—	—	66
Gain on sale of Nexteer	60	—	—	—	—	60
Total adjustments	$ 60	$ 189	$ —	$—	$ 198	$ 447

	Successor					
	July 10, 2009 Through December 31, 2009					
	GMNA	GME	GMIO	GMSA	Corporate	Total
UAW OPEB health care settlement loss	$(2,571)	$ —	$ —	$—	$ —	$(2,571)
Impairment related to Ally Financial common stock	—	—	—	—	(270)	(270)
Charges related to Delphi	(83)	—	—	—	(177)	(260)
Loss on extinguishment of debt	(101)	—	—	—	—	(101)
Total adjustments	$(2,755)	$ —	$ —	$—	$(447)	$(3,202)

Total Net Sales and Revenue (Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	Year Ended 2011 vs. 2010 Change %	Year Ended 2010 vs. 2009 Change Amount	Year Ended 2010 vs. 2009 Change %
GMNA	$ 90,233	$ 83,035	$ 56,617	$32,426	$24,191	$ 7,198	8.7%	$ 26,418	46.7%
GME	26,757	24,076	24,031	11,479	12,552	2,681	11.1%	45	0.2%
GMIO	24,761	20,561	14,345	8,127	6,218	4,200	20.4%	6,216	43.3%
GMSA	16,877	15,379	13,135	7,399	5,736	1,498	9.7%	2,244	17.1%
GM Financial	1,410	281				1,129	n.m.	281	n.m.
Total operating segments	160,038	143,332	108,128	59,431	48,697	16,706	11.7%	35,204	32.6%
Corporate and eliminations	(9,762)	(7,740)	(3,539)	(1,957)	(1,582)	(2,022)	(26.1)%	(4,201)	(118.7)%
Total net sales and revenue	$150,276	$135,592	$104,589	$57,474	$47,115	$14,684	10.8%	$ 31,003	29.6%

n.m. = not meaningful

In the year ended December 31, 2011 Total net sales and revenue increased by $14.7 billion (or 10.8%) due primarily to: (1) increased wholesale volumes of $8.6 billion representing 403,000 vehicles; (2) net foreign currency translation and remeasurement gains of $2.6 billion due to the strengthening of major currencies against the U.S. Dollar; (3) favorable vehicle pricing effect of $1.6 billion due to model year price increases and reduced sales allowances; (4) increased finance income of $1.1 billion due to the acquisition of GM Financial; (5) increased revenues from powertrain and parts sales of $1.1 billion due to increased volumes; (6) favorable vehicle mix of $0.6 billion; and (7) increased revenue of $0.4 billion due to the acquisition of General Motors Strasbourg S.A.S. (GMS); partially offset by (8) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%) due primarily to: (1) increased wholesale sales volume of $21.8 billion representing 1.1 million vehicles; (2) favorable vehicle pricing effect of $3.7 billion; (3) favorable vehicle mix of $2.6 billion; (4) net foreign currency translation and remeasurement gains of $1.8 billion; (5) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (6) derivative losses of $0.8 billion in 2009 that did not recur in 2010; (7) increased revenues from OnStar of $0.3 billion; and (8) finance charge income of $0.3 billion due to the acquisition of AmeriCredit Corp. (AmeriCredit); partially offset by (9) devaluation of the BsF of $0.9 billion; and (10) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

Automotive Cost of Sales

	Successor			Predecessor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	Year Ended 2011 vs. 2010 Change %
Automotive cost of sales	$130,386	$118,768	$56,316	$55,814	$11,618	9.8%
Automotive gross margin	$ 18,480	$ 16,543	$ 1,158	$ (8,699)	$ 1,937	11.7%

GM

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, warranty and recall campaigns.

In the year ended December 31, 2011 Automotive cost of sales increased by $11.6 billion (or 9.8%), in line with Total net sales and revenue, due primarily to: (1) increased costs related to wholesale volume increases of $6.3 billion; (2) net foreign currency translation, remeasurement and transaction losses of $2.4 billion due to the strengthening of major currencies against the U.S. Dollar; (3) unfavorable vehicle mix of $2.3 billion; (4) increased material, freight and manufacturing costs of $1.7 billion due to higher commodity prices and to support new vehicle launches; (5) increased costs of $0.8 billion related to powertrain and parts sales; (6) increased engineering costs of $0.7 billion to support new product development; (7) revisions to restructuring reserves of $0.4 billion related to higher than planned employee utilization in 2010 which did not recur in 2011; and (8) increased costs of $0.3 billion due to the acquisition of GMS; partially offset by (9) decreased costs of $0.9 billion due to the sale of Nexteer in November 2010; (10) decreased depreciation and amortization expense of $0.8 billion related to the amortization of technology intangibles and impairment charges for long-lived assets; (11) a gain of $0.7 billion related to the settlement of the HCT in 2011; (12) decreased restructuring charges of $0.5 billion related to our European operations; and (13) increased net pension and OPEB income of $0.3 billion due to plan remeasurements.

In the year ended December 31, 2010 Automotive cost of sales included: (1) net restructuring charges of $0.6 billion; (2) net foreign currency translation and remeasurement losses of $0.4 billion; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (4) impairment charges related to long-lived assets of $0.2 billion; partially offset by (5) net foreign currency transaction gains of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan; (2) net foreign currency translation and remeasurement losses of $0.8 billion; partially offset by (3) favorable adjustments of $1.3 billion due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) net foreign currency transaction gains of $0.1 billion.

As required under U.S. GAAP, the acquired inventory from Old GM on July 10, 2009 was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.8 billion; (2) net restructuring charges of $1.6 billion; (3) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans; (4) charges of $0.8 billion related to the deconsolidation of Saab Automobile AB (Saab); (5) net foreign currency remeasurement losses of $0.7 billion; (6) impairment charges related to long-lived assets of $0.6 billion; (7) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (8) net foreign currency transaction losses of $0.3 billion; and (9) charges of $0.3 billion related to obligations associated with various Delphi agreements.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

Automotive Selling, General and Administrative Expense

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Automotive selling, general and administrative expense	$12,105	$11,446	$6,006	$6,161	$659	5.8%

GM

In the year ended December 31, 2011 Automotive selling, general and administrative expense increased by $0.7 billion (or 5.8%) due primarily to: (1) increased advertising and sales promotion expenses of $0.5 billion to support media campaigns and new product launches; (2) net foreign exchange translation and remeasurement losses of $0.2 billion due to the strengthening of major currencies against the U.S. Dollar; and (3) charges of $0.1 billion related to a single customer's default under various commercial supply agreements; partially offset by (4) legal and other expenses of $0.1 billion primarily related to dealer litigation in 2010 which did not recur in 2011.

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products; (2) administrative expenses of $4.4 billion; and (3) selling and marketing expenses primarily related to dealerships of $1.4 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) administrative expenses of $2.6 billion; (2) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products; and (3) selling and marketing expenses primarily related to dealerships of $1.0 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs; and (2) a curtailment loss of $0.3 billion related to the interim remeasurement of the U.S. salary defined benefit pension plan; partially offset by (3) positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing expenditures.

Other Automotive Expenses, net

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Other automotive expenses, net	$58	$118	$15	$1,235	$(60)	(50.8)%

GM

In the year ended December 31, 2011 Other automotive expenses, net was insignificant.

In the year ended December 31, 2010 Other automotive expenses, net included depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; partially offset by (3) gains for changes in liabilities related to Saab of $60 million; and (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

Equity in Income of and Disposition of Interest in Ally Financial

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in income of and disposition of interest in Ally Financial of $1.4 billion included: (1) gain of $2.5 billion recorded on the UST's conversion of the loan from the UST to purchase membership interests in Ally Financial (UST Ally Financial Loan) for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

Goodwill Impairment Charges

Goodwill impairment charges increased by $1.3 billion as we recorded charges of $1.0 billion and $0.3 billion in GME and GMIO. Refer to Note 12 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Successor			Predecessor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%
Automotive interest expense	$540	$1,098	$694	$5,428	$(558)	(50.8)%

GM

In the year ended December 31, 2011 Automotive interest expense decreased by $0.6 billion (or 50.8%) due primarily to: (1) decreased interest expense related to the UST Credit Agreement, Canadian Loan and VEBA Notes of $0.3 billion in 2010 which did not recur in 2011; and (2) decreased interest expense related to obligations with Ally Financial of $0.2 billion in 2010.

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense related to the UST Credit Agreement, Canadian Loan and VEBA Notes of $0.3 billion; (2) interest expense on obligations due to Ally Financial of $0.2 billion; and (3) interest expense on other debt obligations of $0.6 billion, which included amortization of debt discounts of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included: (1) interest expense related to the UST Credit Agreement and Canadian Loan of $0.3 billion; (2) interest expense on obligations due to Ally Financial of $0.1 billion; and (3) interest expense on other debt obligations of $0.3 billion, which included amortization of debt discounts of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, Automotive interest expense included: (1) discount amortization related to the UST Loan Agreement and DIP Facility of $3.6 billion; (2) interest expense related to the UST Loan Agreement and DIP Facility of $0.4 billion; (3) interest expense related to the EDC Loan Facility of $0.2 billion; and (4) interest expense on other obligations of $1.2 billion related to Old GM's debt obligations including unsecured and contingent convertible debt obligations. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009 as a result of its Chapter 11 Proceedings.

Interest Income and Other Non-Operating Income, net

	Successor			Predecessor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%
Interest income and other non-operating income, net	$851	$1,531	$375	$852	$(680)	(44.4)%

GM

In the year ended December 31, 2011 Interest income and other non-operating income, net decreased by $0.7 billion (or 44.4%) due primarily to: (1) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock; (2) reversal of the liability related to Adjustment Shares of $0.2 billion in 2010 which did not recur in 2011; (3) gains on the sale of Saab and Nexteer of $0.2 billion in 2010 which did not recur in 2011; and (4) a gain on the acquisition of GMS of $0.1 in 2010 which did not recur in 2011; partially offset by (5) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock.

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of the liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab and Nexteer of $0.2 billion; (6) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the acquisition of GMS; (7) gains on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) rental and royalty income of $0.2 billion; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.2 billion; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) rental and royalty income of $0.2 billion; (4) gains on foreign currency exchange derivatives of $0.1 billion; (5) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; and (6) Ally Financial exclusivity fee income of $0.1 billion.

Gain (Loss) on Extinguishment of Debt

	Successor			Predecessor		
	Year Ended December 31, 2011	**Year Ended December 31, 2010**	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Year Ended 2011 vs. 2010 Change Amount**	**%**
Gain (loss) on extinguishment of debt	$18	$196	$(101)	$(1,088)	$(178)	(90.8)%

GM

In the year ended December 31, 2010 Gain on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests; partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

Reorganization gains, net

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net of $128.2 billion included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Income tax expense (benefit)	$(110)	$672	$(1,000)	$(1,166)	$(782)	n.m.

n.m. = not meaningful

GM

In the year ended December 31, 2011 Income tax benefit of $0.1 billion decreased by $0.8 billion compared to Income tax expense of $0.7 billion in 2010 due primarily to: (1) a $0.5 billion valuation allowance reversal in Australia; and (2) an increase in recognition of previously unrecognized tax benefits of $0.2 billion which included reductions to interest expense and associated valuation allowances.

In the year ended December 31, 2010 Income tax expense primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, withholding taxes and taxable foreign exchange gains in Venezuela of $0.3 billion, partially offset by settlement of uncertain tax positions and reversal of valuation allowances of $0.3 billion.

In the period July 10, 2009 through December 31, 2009 Income tax benefit primarily resulted from a $1.4 billion income tax allocation between income (loss) from operations and Other comprehensive income (loss), partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, due primarily to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

Equity Income, Net of Tax and Gain on Disposal of Investments

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
China JVs	$1,511	$1,297	$460	$ 300	$ 214	16.5%
New Delphi (including gain on disposition)	1,727	117	(1)	—	1,610	n.m.
Others	(46)	24	38	(239)	(70)	n.m.
Total equity income, net of tax and gain on disposal of investments	$3,192	$1,438	$497	$ 61	$1,754	122.0%

n.m. = not meaningful

GM

In the year ended December 31, 2011 Equity income, net of tax and gain on disposal of investments increased by $1.8 billion (or 122.0%) due primarily to a gain of $1.6 billion related to the sale of our New Delphi Class A Membership Interests and increased equity income related to our China JVs of $0.2 billion.

In the year ended December 31, 2010 Equity income, net of tax and gain on disposal of investments included equity income of $1.3 billion related to our China JVs and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 Equity income, net of tax and gain on disposal of investments included equity income of $0.5 billion related to our China JVs.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax and gain on disposal of investments included equity income of $0.3 billion related to our China JVs, partially offset by equity losses of $0.2 billion primarily related to impairment charges and our proportionate share of losses at other joint ventures.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor	
	December 31, 2011	**December 31, 2010**
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 15,499	$ 21,061
Marketable securities	16,148	5,555
Restricted cash and marketable securities	206	1,240
Accounts and notes receivable (net of allowance of $331 and $252)	9,949	8,699
Inventories	14,324	12,125
Equipment on operating leases, net	2,464	2,568
Other current assets and deferred income taxes	1,657	1,805
Total current assets	60,247	53,053
Automotive Non-current Assets		
Restricted cash and marketable securities	912	1,160
Equity in net assets of nonconsolidated affiliates	6,790	8,529
Property, net	22,957	19,235
Goodwill	27,741	30,513
Intangible assets, net	10,013	11,882
Other assets and deferred income taxes	2,900	3,594
Total non-current assets	71,313	74,913
Total Automotive Assets	131,560	127,966
GM Financial Assets		
Finance receivables, net	9,162	8,197
Restricted cash	1,115	1,090
Goodwill	1,278	1,265
Other assets	1,488	380
Total GM Financial Assets	13,043	10,932
Total Assets	$144,603	$138,898
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 24,494	$ 21,497
Short-term debt and current portion of long-term debt	1,682	1,616
Accrued liabilities	22,756	24,044
Total current liabilities	48,932	47,157
Automotive Non-current Liabilities		
Long-term debt	3,613	3,014
Postretirement benefits other than pensions	6,836	9,294
Pensions	25,075	21,894
Other liabilities and deferred income taxes	12,336	13,021
Total non-current liabilities	47,860	47,223
Total Automotive Liabilities	96,792	94,380
GM Financial Liabilities		
Securitization notes payable	6,938	6,128
Credit facilities	1,099	832
Other liabilities	783	399
Total GM Financial Liabilities	8,820	7,359
Total Liabilities	105,612	101,739
Commitments and contingencies		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2011 and 2010)	5,536	5,536
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2011 and 2010)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,564,727,289 shares and 1,500,136,998 shares issued and outstanding at December 31, 2011 and 2010)	16	15
Capital surplus (principally additional paid-in capital)	26,391	24,257
Retained earnings	7,183	266
Accumulated other comprehensive income (loss)	(5,861)	1,251
Total stockholders' equity	38,120	36,180
Noncontrolling interests	871	979
Total Equity	38,991	37,159
Total Liabilities and Equity	$144,603	$138,898

Automotive

Current Assets

Marketable securities increased by $10.6 billion (or 190.7%) due to our improved liquidity primarily related to positive operating cash flows and proceeds received from the sale of our investments in New Delphi and Ally Financial.

Restricted cash and marketable securities decreased by $1.0 billion (or 83.4%) due primarily to the release of restricted cash escrow funds of $1.0 billion, of which $0.8 billion was used to fund a payment to the HCT and the $0.2 billion remaining funds held in escrow were no longer subject to restrictions and released to us.

Accounts and notes receivable increased by $1.3 billion (or 14.4%) due primarily to: (1) the termination and modification of wholesale advance agreements with Ally Financial in GMNA, which provided for accelerated receipt of payment on dealer sales financed through Ally Financial of $1.1 billion; and (2) increase of $0.2 billion due to increased sales volume.

Inventories increased by $2.2 billion (or 18.1%) due primarily to: (1) increased raw materials and finished products of $2.4 billion in anticipation of forecasted demand, new product launches and vehicles returned from lease and not yet sold at auction; partially offset by (2) net foreign currency translation of $0.4 billion due to the weakening of major currencies against the U.S. Dollar.

Non-Current Assets

Equity in net assets of nonconsolidated affiliates decreased by $1.7 billion (or 20.4%) due primarily to: (1) a decrease of $2.0 billion resulting from the sale of our interest in New Delphi; and (2) dividends declared in 2011 of $1.4 billion primarily by the China JVs; partially offset by (3) equity income of $1.5 billion related to our China JVs.

Property, net increased by $3.7 billion (or 19.4%) due primarily to: (1) capital expenditures of $7.8 billion; and (2) new capital leases of $0.4 billion; partially offset by (3) depreciation of $3.7 billion; (4) net foreign currency translation of $0.5 billion due to the weakening of major currencies against the U.S. Dollar; (5) decreases of $0.2 billion associated with disposals; and (6) decreases of $0.1 billion associated with the deconsolidation of VM Motori (VMM).

Goodwill decreased by $2.8 billion (or 9.1%) due primarily to: (1) impairment charges of $1.5 billion in GME recorded in retained earnings; and (2) impairment charges of $1.3 billion in GME and GMIO.

Intangible assets, net decreased by $1.9 billion (or 15.7%) due primarily to: (1) amortization of $1.8 billion; and (2) net foreign currency translation of $0.1 billion due to the weakening of major currencies against the U.S. Dollar.

Other assets and deferred income taxes decreased by $0.7 billion (or 19.3%) due primarily to: (1) the sale of our investment in Ally Financial preferred stock of $0.7 billion; and (2) the impairment of our investment in Ally Financial common stock of $0.6 billion; partially offset by (3) an increase in net deferred tax assets of $0.2 billion; and (4) an increase in derivative assets of $0.1 billion.

Current Liabilities

Accounts payable increased by $3.0 billion (or 13.9%) due primarily to: (1) higher payables of $1.9 billion for materials due to increased production volumes and higher production costs; (2) an increase in accounts payable for capital projects of $1.4 billion as we prepare for new vehicle launches; and (3) an increase in engineering and product development payables of $0.1 billion; partially offset by (4) net foreign currency translation of $0.8 billion due to the weakening of major currencies against the U.S. Dollar.

Short-term debt and current portion of long-term debt increased by $0.1 billion (or 4.1%) due primarily to: (1) reclassifications from long-term debt to short-term debt for payments to be made in the next 12 months of $1.0 billion; and (2) net increases to short-term facilities with original maturities less than 90 days of $0.1 billion; partially offset by (3) payments on debt of $1.1 billion.

Non-Current Liabilities

Long-term debt increased by $0.6 billion (or 19.9%) due primarily to: (1) issuance of notes to the HCT of $1.1 billion; (2) net increases to capital leases of $0.3 billion; and (3) amortization of debt discounts of $0.2 billion; partially offset by (4) reclassifications of long-term debt to short-term debt for payments to be made in the next 12 months of $1.0 billion.

Postretirement benefits other than pensions liability decreased by $2.5 billion (or 26.4%) primarily in GMNA due to: (1) settlement of the CAW retiree healthcare liability of $2.9 billion; (2) benefit payments of $0.6 billion; and (3) remeasurement of a U.S. hourly legal service plan of $0.3 billion; partially offset by (4) actuarial losses primarily from discount rate decreases of $0.9 billion; and (5) service and interest costs of $0.5 billion.

Pension liabilities increased by $3.2 billion (or 14.5%) due primarily to: (1) net actuarial losses of $10.0 billion; partially offset by (2) gains from asset returns greater than expected of $3.3 billion related to U.S. plans; (3) contributions and benefits payments of $2.8 billion, including contributions of common stock to our U.S. hourly and salaried pension plans of $1.9 billion; (4) expected return on assets in excess of service and interest costs of $0.5 billion; and (5) net foreign currency translation of $0.2 billion due to the weakening of major currencies against the U.S. Dollar.

Automotive Financing

Total GM Financial Assets

Finance receivables, net increased by $1.0 billion (or 11.8%) due primarily to new loan originations of $5.1 billion partially offset by principal collections, gross charge offs and the change in the carrying amount adjustment on pre-acquisition receivables of $4.0 billion.

Other assets increased by $1.1 billion (or 291.6%) due primarily to an increase in new leased vehicles of $0.7 billion and an increase in cash and cash equivalents of $0.4 billion.

Total GM Financial Liabilities

Securitization notes payable increased by $0.8 billion (or 13.2%) due primarily to the issuance of new securitization notes payable of $4.6 billion partially offset by a normal principal amortization of $3.7 billion.

Credit facilities increased by $0.3 billion (or 32.1%) due primarily to higher utilization of the credit facilities as a result of an increase in loan and lease originations.

Other liabilities increased by $0.4 billion (or 96.2%) due primarily to the issuance of 6.75% senior notes of $0.5 billion in June 2011.

GM North America
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor	Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$90,233	$83,035	$56,617	$32,426	$ 24,191	$7,198	8.7%	$26,418	46.7%
EBIT (loss)-adjusted	$ 7,194	$ 5,688		$ (2,065)	$(11,092)	$1,506	26.5%		

GMNA Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $7.2 billion (or 8.7%) due primarily to: (1) increased wholesale volumes of $7.3 billion representing 299,000 vehicles (or 10.3%) due to increased industry demand and successful recent vehicle launches such as the Chevrolet Cruze, Chevrolet Equinox and GMC Terrain; (2) favorable vehicle pricing of $1.1 billion; (3) increased revenues from Customer Care and Aftersales of $0.4 billion due to increased volumes; and (4) favorable net foreign currency remeasurement of $0.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; partially offset by (5) unfavorable vehicle mix of $1.1 billion; and (6) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) due primarily to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in the year ended December 31, 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement of $0.8 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion due to increased volumes.

GMNA EBIT (Loss)-Adjusted

In the year ended December 31, 2011 EBIT-adjusted increased by $1.5 billion (or 26.5%) due primarily to: (1) increased net wholesale volumes of $1.9 billion due to increased industry demand and successful recent vehicle launches; (2) favorable vehicle pricing effect of $1.1 billion; (3) decreased amortization expense of $0.7 billion due to the effect of double-declining amortization of technology intangibles which were recorded on July 10, 2009 and impairment charges for long-lived assets in 2010; (4) favorable foreign currency remeasurement of $0.5 billion due to the weakening of the Canadian Dollar against the U.S. Dollar; and (5) increase in net pension and OPEB income of $0.3 billion due to December 31, 2010 plan remeasurements; partially offset by (6) unfavorable net vehicle mix of $1.8 billion; (7) increased engineering expense and other technology fees of $0.5 billion to support new product development; (8) increased material prices and freight of $0.4 billion; and (9) reduction in favorable adjustments of $0.4 billion to restructuring reserves due to increased production capacity utilization and revisions to productivity initiatives in 2010.

In the year ended December 31, 2010 EBIT-adjusted was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves due primarily to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to long-lived assets of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was a loss of $2.1 billion and included: (1) foreign currency remeasurement losses of $1.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (2) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (3) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit

pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a net charge of $0.4 billion related to the modification of UAW job security programs; (8) charges of $0.4 billion primarily for impairments of long-lived assets; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges and our proportionate share of losses at joint ventures.

GM Europe
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
						Amount	%	Amount	%
Total net sales and revenue	$26,757	$24,076	$24,031	$11,479	$12,552	$2,681	11.1%	$45	0.2%
EBIT (loss)-adjusted	$ (747)	$ (1,953)		$ (814)	$ (2,815)	$1,206	61.8%		

GME Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $2.7 billion (or 11.1%) due primarily to: (1) favorable foreign currency translation effect of $1.1 billion, due to the strengthening of the Euro, British Pound and Swiss Franc against the U.S. Dollar; (2) favorable vehicle mix of $1.1 billion due to the new generation Opel Meriva and Opel Astra and increased sales of other higher priced vehicles; (3) revenue from GMS of $0.4 billion, which we acquired in 2010; (4) increased powertrain engine and transmission sales of $0.3 billion, in support of the Chevrolet Cruze and Chevrolet Volt; (5) increased components sales of $0.2 billion; and (6) increased volumes of $0.1 billion due primarily to a 16,000 vehicles (or 1.3%) increase in wholesales; partially offset by (7) a reduction in Saab brand sales of $0.2 billion related to the sale of Saab in 2010; and (8) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011.

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) due primarily to: (1) increased volumes of $0.3 billion due primarily to a 38,000 vehicles (or 3.1%) increase in wholesales, which included a decrease of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion due to launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, due to the weakening of the Euro and British Pound against the U.S. Dollar.

GME EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT (loss)-adjusted decreased by $1.2 billion (or 61.8%) due primarily to: (1) higher restructuring charges of $0.5 billion recorded in 2010 for separation programs in Belgium, Spain, Germany and the United Kingdom; (2) decreased manufacturing costs of $0.3 billion related to the closing of the Antwerp, Belgium facility and European wide labor savings; (3) favorable net vehicle mix of $0.2 billion; (4) an increase of $0.2 billion in an embedded foreign currency exchange derivative asset associated with a long-term supply agreement entered into in 2010; (5) EBIT-adjusted from GMS of $0.1 billion; offset by (6) unfavorable net foreign currency effects of $0.1 billion; and (7) charges of $0.1 billion related to a single customer's default under various commercial supply agreements.

In the year ended December 31, 2010 EBIT-adjusted was a loss of $2.0 billion and included: (1) restructuring charges of $0.8 billion related to separation programs in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $2.8 billion and included: (1) charges of $0.8 billion related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; and (3) operating losses of $0.2 billion related to Saab.

GM International Operations
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	Year Ended 2011 vs. 2010 Change %	Year Ended 2010 vs. 2009 Change Amount	Year Ended 2010 vs. 2009 Change %
Total net sales and revenue	$24,761	$20,561	$14,345	$8,127	$6,218	$4,200	20.4%	$6,216	43.3%
EBIT (loss)-adjusted	$ 1,897	$ 2,262		$ 789	$ (486)	$ (365)	(16.1)%		

GMIO Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $4.2 billion (or 20.4%) due primarily to: (1) increased wholesale volume of $2.7 billion representing 113,000 vehicles due to strong industry growth across the region; (2) favorable net foreign currency translation of $0.8 billion due to the strengthening of major currencies such as the Australian Dollar, the Korean Won and the Euro against the U.S. Dollar; (3) favorable vehicle mix of $0.5 billion due to launches of the Alpheon and Chevrolet Orlando; and (4) favorable vehicle pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives.

In the year ended December 31, 2010 Total net sales and revenue increased by $6.2 billion (or 43.3%) due primarily to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) due to the global economic recovery; (2) favorable net foreign currency translation effect of $0.9 billion, due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion due to the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, due to the weakening of the Korean Won against the U.S. Dollar; and (5) favorable vehicle pricing effect of $0.1 billion, due to higher pricing on new model launches at GM Korea. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

The vehicle sales related to our China and India (Our operations in India were deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax and gain on disposal of investments.

GMIO EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT-adjusted decreased by $0.4 billion (or 16.1%) due primarily to: (1) increased engineering expenses and other technology fees of $0.5 billion to support new product development; (2) increased material, depreciation and amortization and other manufacturing costs of $0.3 billion; (3) unfavorable net vehicle mix of $0.2 billion; (4) increased advertising and sales promotion expenses of $0.2 billion to support media campaigns for launches of new products and the launch of the Chevrolet brand in Korea; (5) unfavorable net foreign currency translation of $0.1 billion; partially offset by (6) favorable net wholesale volumes of $0.5 billion; (7) favorable pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives; (8) increased equity income, net of tax, $0.2 billion from the operating results of our China JVs; and (9) decreased non-controlling interest attributable to minority shareholders of $0.2 billion.

In the year ended December 31, 2010 EBIT-adjusted was $2.3 billion and included: (1) Equity income, net of tax and gain on disposal of investments of $1.3 billion; (2) favorable change in fair value of $0.1 billion from derivatives due to the strengthening Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was $0.8 billion and included: (1) favorable effect of fresh-start reporting of $0.4 billion due to decreased depreciation of fixed assets of $0.3 billion and reduced Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009 of $ 0.1 billion; partially offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion; (4) selling and marketing expenses of $0.1 billion; and (5) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Korea; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion; partially offset by (4) Equity income, net of tax and gain on disposal of investments of $0.3 billion; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders.

GM South America
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
						Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$16,877	$15,379	$13,135	$7,399	$5,736	$1,498	9.7%	$2,244	17.1%
EBIT (loss)-adjusted	$ (122)	$ 818		$ 417	$ (454)	$ (940)	n.m.		

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $1.5 billion (or 9.7%) due primarily to: (1) increased wholesale volumes of $0.6 billion representing 59,000 vehicles (or 5.7%) due to improved macroeconomic conditions and industry

growth throughout the region (2) favorable net foreign currency translation effect of $0.5 billion, due to the strengthening of major currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due to the hyperinflationary economy in Venezuela; and (4) favorable vehicle mix of $0.1 billion due mainly to increased sales of the Chevrolet Cruze.

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) due primarily to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) due to launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, due to the strengthening of major currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due to the hyperinflationary economy in Venezuela; partially offset by (4) devaluation of the BsF of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion due to increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

GMSA EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT-adjusted was a loss of $0.1 billion as compared to EBIT-adjusted of $0.8 billion in the year ended December 31, 2010 due primarily to: (1) increased material and freight of $0.7 billion; (2) increased manufacturing costs of $0.3 billion; and (3) foreign currency transaction gains of $0.3 billion recorded in 2010 due to preferential foreign currency exchange rates in Venezuela, which were discontinued in 2011; and (4) unfavorable $0.1 billion related to separation costs; partially offset by (5) favorable vehicle pricing effect of $0.3 billion due to the hyperinflationary economy in Venezuela.

In the year ended December 31, 2010 EBIT-adjusted was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion due to foreign currency exchanges processed at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion due to foreign currency exchanges processed outside the Venezuela currency exchange agency; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

	Successor	
	Year Ended December 31, 2011	Three Months Ended December 31, 2010
Total revenue	$1,410	$281
Income before income taxes	$ 622	$129

GM Financial Revenue

In the year ended December 31, 2011 Total revenue included finance charge income of $1.2 billion and other income of $0.2 billion. The effective yield on GM Financial's finance receivables was 13.7% for the year ended December 31, 2011. The effective yield represents finance charges and fees recorded in earnings and the accretion of the accretable yield as a percentage of average finance receivable.

In the three months ended December 31, 2010 Total revenue included finance charge income of $0.3 billion. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average earning assets (dollars in millions):

	Successor			
	Year Ended December 31, 2011		Three Months Ended December 31, 2010	
Finance charge income and other income	$1,410	14.8%	$ 281	12.8%
Interest expense	(204)	(2.2)%	(37)	(1.7)%
Net GM Financial margin	$1,206	12.6%	$ 244	11.1%

GM Financial Income Before Income Taxes

In the year ended December 31, 2011 results included: (1) Total revenue of $1.4 billion; partially offset by (2) operating and leased vehicle expenses of $0.4 billion; (3) interest expense of $0.2 billion; and (4) provision for loan losses of $0.2 billion. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, and other unsecured debt.

Average debt outstanding in the year ended December 31, 2011 was $7.6 billion and the effective rate of interest expensed was 2.7%.

In the three months ended December 31, 2010 results included: (1) Total revenue of $0.3 billion; partially offset by (2) operating and leased vehicle expenses of $0.1 billion; and; (3) other collectively insignificant items.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor	Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$ 61	$ 134	$468	$141	$ 327	$ (73)	(54.5)%	$(334)	(71.4)%
Net income (loss) attributable to stockholders	$(453)	$(877)		$176	$123,902	$424	(48.3)%		

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the DBGA and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2011 Total net sales and revenue decreased by $0.1 billion (or 54.5%) due primarily to decreased revenue earned on portfolio management services performed for third parties due to the planned reduction of third party assets managed and decreased lease financing revenues related to the liquidation of the portfolio of automotive retail leases. Average outstanding retail leases on-hand decreased to a de minimus level at December 31, 2011 compared to 7,000 at December 31, 2010.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) due primarily to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

Corporate Net Income (Loss) Attributable to Stockholders

GM

In the year ended December 31, 2011 Net loss attributable to stockholders decreased by $0.4 billion (or 48.3%) due primarily to: (1) an income tax benefit of $0.3 billion compared to income tax expense of $0.6 billion in 2010; (2) decreased interest expense of $0.6 billion due to lower debt balances; and (3) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock; offset by (4) an impairment charge of $0.6 billion on our investment in Ally Financial common stock; (5) gains on the extinguishment of debt of $0.2 billion related to the repayment of the VEBA Notes and the elimination of the liability for the Adjustment Shares of $0.2 billion in 2010; and (6) other collectively insignificant items.

In the year ended December 31, 2010 results included: (1) interest expense of $1.1 billion; (2) income tax expense of $0.6 billion related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion related to consulting services; partially offset by (4) interest income of $0.4 billion earned on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; partially offset by (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Credit Agreement and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 32 to our consolidated financial statements; (2) amortization of discounts related to the UST Loan Agreement, EDC Loan Facility and DIP Facility of $3.7 billion; (3) a gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests which was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; and (4) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; partially offset by (5) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Agreement; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) reinvestment in our business through capital expenditures, engineering and product development activities; (2) pension contributions and OPEB payments; (3) payments to reduce debt and other long-term obligations; (4) dividend payments on our Series A and Series B Preferred Shares; and (5) certain South American income and indirect tax-related administrative proceedings may require that we deposit funds in escrow or make payments which may range up to $0.8 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position and capital structure in order to strengthen our balance sheet.

Reduction of Financial Leverage

Reducing our financial leverage remains a key strategic initiative. We continue to evaluate potential repayments of long-term obligations prior to maturity. Any such repayments may negatively affect our liquidity in the short-term.

In the year ended December 31, 2011 we made prepayments on debt facilities of $1.0 billion held by certain of our foreign subsidiaries, primarily in GMNA and GMSA. However, our overall debt balances increased to $5.3 billion at December 31, 2011 as these prepayments were more than offset primarily by the issuance of the HCT notes that were incurred as part of an agreement to settle certain retiree healthcare obligations and increases to other debt facilities.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This contribution was made as part of our continuing efforts to mitigate risk in our balance sheet.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of

payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada and Mexico in the year ended December 31, 2011. The wholesale advance agreements covered the period for which vehicles are in transit between assembly plants and dealerships. We no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered in GMNA resulting in an increase to our accounts receivable balance of $1.1 billion at December 31, 2011. The amount of the increase to our accounts receivable balance depends on sales volumes, seasonal fluctuations and certain other factors.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to reduce our financial leverage.

Investment Actions

We accumulated Canadian Dollar denominated deposits and investments of $6.4 billion in the year ended December 31, 2011. These deposits and investments will incur foreign exchange gains or losses based on the movement of the Canadian Dollar in relation to the U.S. Dollar and will therefore reduce our net Canadian Dollar foreign exchange exposure, which primarily relates to pension and OPEB liabilities. We expect to maintain a sufficient amount of Canadian Dollar deposits and investments to offset the liabilities denominated in Canadian Dollars. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

We continue to monitor and explore the sale of other non-core assets. In March 2011 we sold our Class A Membership Interests in New Delphi to New Delphi for $3.8 billion. Also in March 2011 we sold our Ally Financial preferred stock for $1.0 billion. Proceeds from these asset sales were used to strengthen liquidity and are to be used for general corporate purposes.

From time to time we consider the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. This may include additional loans or investments with our joint venture partners and may negatively impact our liquidity in the short-term.

Automotive

Available Liquidity

Available liquidity includes cash, cash equivalents and marketable securities balances. At December 31, 2011 our available liquidity was $31.6 billion, excluding funds available under credit facilities of $5.9 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and certificates of deposits and corporate debt securities, and are primarily denominated in U.S. Dollars. Our investment guidelines, which we may change from time to time, prescribe certain minimum credit rating thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers. We maintain cash balances and investments in certain foreign currencies, such as the Canadian Dollar, to fund future payments on foreign currency denominated obligations thereby reducing a portion of the related foreign currency exposure. We actively monitor and manage our liquidity exposure to Europe which is related primarily to short-term bank deposits and short-term debt securities of high-quality European issuers. A portion of our total liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including inter-company loans to utilize these funds across our global operations as needed. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Cash and cash equivalents	$15,499	$21,061
Marketable securities	16,148	5,555
Available liquidity	31,647	26,616
Available under credit facilities	5,867	5,919
Total available liquidity	37,514	32,535
HCT escrow account (a)	—	1,008
Total liquidity including HCT escrow account	$37,514	$33,543

(a) Classified as Restricted cash and marketable securities.

Upon implementation of the HCT, we used funds in an escrow account to fund a payment to the HCT of $0.8 billion. Following implementation the remaining funds held in escrow of $0.2 billion were no longer subject to restrictions and were released to us. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

GM

Total available liquidity increased by $5.0 billion in the year ended December 31, 2011 due primarily to: (1) positive operating cash flows of $7.4 billion; (2) proceeds received from the sale of investments in New Delphi and Ally Financial of $4.8 billion; and (3) decreases to restricted cash balances of $1.4 billion, partially offset by (4) capital expenditures of $6.2 billion; and (5) negative cash from financing activities of $1.9 billion related primarily to debt prepayments and dividend payments.

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 due to: (1) positive operating and investing cash flows of $7.3 billion; (2) increased marketable securities balances of $5.4 billion; and (3) additional amounts available under credit facilities of $5.3 billion due to a $5.0 billion secured credit facility; partially offset by (4) negative cash flows from financing activities of $9.3 billion related to prepayments on debt obligations.

UST Credit Agreement and Canadian Loan

UST Credit Agreement

Old GM received total proceeds of $19.8 billion from the UST under the UST Loan Agreement and additional funding of $33.3 billion from the UST and EDC under its DIP Facility. On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. We repaid the final remaining amounts outstanding on the UST Credit Agreement in April 2010. Amounts repaid under the agreement may not be reborrowed.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the U.S. is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of U.S. manufacturing is the minimum variance from the projected manufacturing level that is consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Credit Agreement and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $0.4 billion which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial preferred membership interests previously held by Old GM in May 2009. At December 31, 2011 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Canadian Loan

On July 10, 2009 through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a $1.3 billion term loan. GMCL repaid the final remaining amounts outstanding on the Canadian Loan in April 2010. Amounts repaid under the agreement may not be reborrowed.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 17 to our consolidated financial statements for additional details on the Canadian Loan.

Credit Facilities

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. Our primary borrowing capacity under these credit facilities comes from our $5.0 billion secured revolving credit facility. The balance of our credit facilities are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Committed	$5,338	$6,142	$5,308	$5,475
Uncommitted	629	490	559	444
Total	$5,967	$6,632	$5,867	$5,919

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Secured revolving credit facility	$5,000	$5,000	$5,000	$5,000
Brazil	—	466	—	2
GM Hong Kong (a)	200	400	200	370
Other (b)	767	766	667	547
Total	$5,967	$6,632	$5,867	$5,919

(a) Includes credit facilities of $200 million at December 31, 2010 which we terminated in July 2011 following the repayment of $30 million which was outstanding under the facility.

(b) Consists of credit facilities available at our foreign subsidiaries that are not individually significant.

Our largest credit facility is our five year, $5.0 billion secured revolving credit facility which includes a letter of credit sub-facility of up to $500 million. Additionally, we can use collateral under the revolving credit facility to support up to $2.0 billion of other obligations. We continue to evaluate potential uses for this collateral which may strengthen our overall liquidity position without impacting our financial leverage. We entered into the secured revolving credit facility agreement in October 2010. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility provides additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions. Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and secured by a substantial portion of our domestic assets excluding cash, cash equivalents, marketable securities and GM Financial. If we receive an investment grade corporate rating from two or more of the credit rating agencies: Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P), we may no longer have to post collateral under the terms of the facility.

Uncommitted credit facilities include lines of credit which are available to us but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2011 cash flows from operating activities increased by $0.8 billion due primarily to: (1) increased net income excluding depreciation, impairment charges and amortization of $2.9 billion; (2) decreased pension cash contributions and OPEB payments in excess of expense of $2.3 billion; partially offset by (3) unfavorable changes in working capital of $1.6 billion due to the termination of the advance wholesale agreements and increased production; and (4) other activities of $2.7 billion which include non-cash gains relating to the sale of our investments in New Delphi and Ally Financial preferred stock of $1.9 billion. Significant pension and OPEB related activity included a cash contribution as part of the HCT settlement of $0.8 billion in 2011 and a voluntary contribution made to our U.S. pension plans of $4.0 billion in 2010. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion due primarily to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion due primarily to: (1) favorable managed working capital of $5.7 billion due to the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion; and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion due to a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion due primarily to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

Investing Activities

GM

In the year ended December 31, 2011 cash flows from investing activities decreased by $11.3 billion due primarily to: (1) a reduction in restricted cash returned from escrow accounts of $11.6 billion; (2) an increase in net acquisitions of marketable securities with maturities exceeding 90 days of $5.2 billion; and (3) increased capital expenditures of $2.0 billion as we continue to reinvest in our business; partially offset by (4) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; and (5) the acquisition of AmeriCredit for $3.5 billion in 2010. The decrease in restricted cash was due to the release of $1.0 billion following the implementation of the HCT in 2011 and the release of funds held in an escrow account relating to the UST Credit Agreement of $12.5 billion in 2010.

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion due primarily to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion related to withdrawals from an escrow account relating to the UST Credit Agreement; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) net proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion due primarily to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion related to withdrawals from an escrow account relating to the UST Credit Agreement; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion due primarily to: (1) increase in Restricted cash and marketable securities of $18.0 billion due to the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

Financing Activities

GM

In the year ended December 31, 2011 cash flows from financing activities increased by $7.4 billion due primarily to: (1) a reduction in payments made in excess of proceeds received from debt obligations of $10.0 billion related to the repayment of our indebtedness under the UST Credit Agreement of $5.7 billion, Canadian Loan of $1.3 billion, principal payments of the VEBA Notes of $2.5 billion and repayment of GM Korea's credit facility of $1.2 billion in 2010; and (2) purchase of the Series A Preferred Stock shares held by the UST of $2.1 billion in 2010; partially offset by (3) proceeds received from the issuance of our Series B Preferred Stock of $4.9 billion in 2010.

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion due primarily to: (1) repayments on the UST Credit Agreement and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Korea's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.2 billion; (7) debt issuance fees of $0.2 billion related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion due primarily to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Credit Agreement of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the revolving bridge facility with the German federal government and certain German states (German Facility) of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on Receivables Program of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion due primarily to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Agreement of $16.6 billion;

(3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

Free Cash Flow

Management believes free cash flow provides meaningful supplemental information regarding the liquidity of our automotive operations and its ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations adjusted for capital expenditures. While management believes that free cash flow provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of free cash flow may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of free cash flow has limitations and should not be considered in isolation from, or as a substitute for, other measures such as cash flows from operating activities. Due to these limitations, free cash flow is used as a supplement to U.S. GAAP measures. The following table summarizes free cash flow (dollars in millions):

	Successor	
	Year Ended December 31, 2011	Year Ended December 31, 2010
Operating cash flow	$ 7,429	$ 6,589
Less: capital expenditures	(6,241)	(4,200)
Free cash flow	$ 1,188	$ 2,389

Other Liquidity Issues

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch, Moody's and S&P.

DBRS, Moody's, Fitch and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2012:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB (high)	BBB (low)	N/A	Stable
Fitch	BB	BBB-	N/A	Positive
Moody's	Ba1	Baa2	N/A	Positive
S&P	BB+	BBB	N/A	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2011 through February 15, 2012 were as follows:

DBRS: November 2011 — Upgraded corporate rating to BB (high) from BB.

Fitch: October 2011 — Upgraded corporate rating to BB from BB- and upgraded secured revolving credit facility rating to BBB- from BB+. Outlook revised to positive from stable.

Moody's: October 2011 — Upgraded corporate rating to Ba1 from Ba2 and upgraded secured revolving credit facility rating to Baa2 from Baa3. Outlook revised to positive from stable.

S&P: September 2011 — Upgraded corporate rating to BB+ from BB- and upgraded our secured revolving credit facility rating to BBB from BB+. Outlook revised to stable from positive. February 2011 — Outlook revised to positive from stable.

We continue to pursue investment grade status by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facility.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding at a redemption price equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. Our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, net distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions, collections and recoveries on finance receivables and net proceeds from senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables and leased assets, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities and operating expenses.

GM Financial used cash of $5.0 billion for the purchase of finance receivables and $0.8 billion for the purchase of leased vehicles in the year ended December 31, 2011. These purchases were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions. GM Financial received cash of $3.7 billion from collections and recoveries on receivables in the year ended December 31, 2011.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. These purchases were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 572	$195
Borrowing capacity on unpledged eligible receivables	387	272
Borrowing capacity on unpledged eligible leased assets	294	—
Available liquidity	$1,253	$467

Senior Notes

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy.

The following table summarizes those credit facilities (dollars in millions):

	December 31, 2011		December 31, 2010	
	Facility Amount	Advances Outstanding	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$2,000	$ 621	$1,300	$278
U.S. lease warehouse facility (b)	$ 600	—		—
Canada lease warehouse facility (c)	$ 589	181		—
Medium-term note facility (d)		294		490
Bank funding facility		3		64
Total		$1,099		$832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) In January 2012 GM Financial extended the maturity date of the lease warehouse facility for lease originations in the U.S. to January 2013. Borrowings on the facility are collateralized by leased assets.

(c) In July 2011 GM Financial Canada Leasing Ltd., a subsidiary of GM Financial entered into a lease warehouse facility for lease originations in Canada that matures in July 2012. Borrowings on this facility are collateralized by leased assets. The facility amount represents CAD $600 million at December 31, 2011.

(d) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2011 all legal funding requirements had been met.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. hourly and salaried	$1,962	$4,095	$ 31	$ 57
Non-U.S.	836	777	4,287	529
Total contributions	$2,798	$4,872	$4,318	$586

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock, valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
U.S. hourly and salaried	$13.3	$11.5
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	14.2	12.4
Non-U.S.	11.2	9.8
Total underfunded	$25.4	$22.2

The U.S. pension plans were underfunded by $14.2 billion and $12.4 billion at December 31, 2011 and 2010. The change in funded status was due primarily to: (1) actuarial losses due primarily to discount rate decreases of $8.5 billion; and (2) service and interest costs of $5.4 billion; partially offset by (3) actual return on plan assets of $10.1 billion; and (4) contributions of $2.0 billion.

The non-U.S. pension plans were underfunded by $11.2 billion and $9.8 billion at December 31, 2011 and 2010. The change in funded status was due primarily to: (1) actuarial losses of $1.5 billion; and (2) service and interest costs of $1.6 billion; partially offset by (3) actual return on plan assets of $0.7 billion; (4) contributions and benefit payments of $0.8 billion; and (5) net favorable foreign currency translation effect of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
U.S. OPEB plans	$5.8	$5.7
Non-U.S. OPEB plans	1.5	4.2
Total unfunded	$7.3	$9.9

The change in unfunded status for the non-U.S. plans was due primarily to the implementation of the independent HCT, which was accounted for as a plan settlement reducing the OPEB obligation by $3.1 billion.

Refer to Note 18 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans (b)
2012	$ 8,514	$1,437	$ 419	$ 55
2013	$ 8,262	$1,441	$ 403	$ 58
2014	$ 8,065	$1,475	$ 367	$ 61
2015	$ 7,918	$1,505	$ 357	$ 65
2016	$ 7,645	$1,528	$ 350	$ 68
2017-2021	$35,435	$7,725	$1,678	$381

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the HCT which releases us from certain CAW retiree healthcare claims incurred after October 31, 2011.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2011 and 2010.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $1.1 billion and $1.0 billion at December 31, 2011 and 2010.

Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ends in August 2012 for vehicles invoiced through August 2011 and ends in August 2013 for vehicles invoiced through August 2012.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $19.8 billion and $18.8 billion at December 31, 2011 and 2010. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $17 million and $21 million at December 31, 2011 and 2010 which considers the likelihood of dealers terminating and estimating the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 20 and 28 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2011 (dollars in millions):

	Payments Due by Period				
	2012	2013-2014	2015-2016	2017 and after	Total
Automotive debt (a)	$ 1,530	$ 245	$ 605	$ 3,478	$ 5,858
Automotive Financing debt (b)	4,263	2,504	1,142	586	8,495
Capital lease obligations	134	188	94	560	976
Automotive interest payments (c)	122	588	451	512	1,673
Automotive Financing interest payments (d)	193	236	117	49	595
Postretirement benefits (e)	267	450	214	—	931
Contractual commitments for capital expenditures	1,233	91	—	—	1,324
Operating lease obligations (f)	363	466	284	368	1,481
Other contractual commitments:					
Material	1,038	749	347	175	2,309
Marketing	933	508	220	54	1,715
Rental car repurchases	4,265	—	—	—	4,265
Policy, product warranty and recall campaigns liability	3,159	2,767	679	207	6,812
Other	1,185	310	86	68	1,649
Total contractual commitments (g) (h) (i)	$18,685	$9,102	$4,239	$ 6,057	$38,083
Non-contractual postretirement benefits (j)	$ 215	$ 437	$ 626	$14,154	$15,432

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2011.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2011.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2011.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2011.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2012 to 2014 related to our Opel/Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2011 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of $2.4 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act of 2006 (PPA) will be as of October 1, 2011. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical valuation at December 31, 2011 using the 3-Segment rate at May 31, 2011 for the plan year beginning October 1, 2011 and assuming either the Full Yield Curve rate or the 3-Segment rate at December 31, 2011 for all future valuations, projects no funding requirements through 2017. We have assumed that the pension plans in the future earn the expected return on assets of 5.7% for the salaried plan and 6.5% for the hourly plan. The valuation projections also assume that additional benefit accruals in the salaried plan will cease effective September 30, 2012. Refer to Note 18 of our consolidated financial statements for additional information.

The funding interest rate and return on assets rate sensitivities for projected pension funding requirements are shown below (in billions):

	Funding Interest Rate Sensitivity Table					Estimated Return on Assets - 100 basis point decrease
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	
2012-2015	$—	$—	$—	$ —	$ —	$ —
2016	$—	$—	$—	$ —	$1.5	$ —
2017	$—	$—	$—	$1.5	$3.3	$0.9

The funding interest rate and return on assets rate sensitivities in the hypothetical valuation consider our 2010 plan year election of relief for certain of our U.S. pension plans but do not consider the potential election of relief provisions that are available to us for the 2011 plan year under the Pension Relief Act of 2010 for our U.S. qualified pension plans. Refer to Note 18 to our consolidated financial statements for additional information regarding our pension funding requirements.

We do not have any required contributions payable to our U.S. qualified plans in 2012. We expect to contribute $100 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2012.

Fair Value Measurements

Automotive

At December 31, 2011 and 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable

through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. We transferred these liabilities to Level 2. At December 31, 2011 our nonperformance risk remains unobservable through a liquid credit default swap market.

Refer to Note 19 to our consolidated financial statements for additional information regarding Level 3 measurements.

Level 3 Assets and Liabilities

At December 31, 2011 assets and liabilities measured using Level 3 inputs increased $64 million from a net liability of $14 million to a net asset of $50 million. This increase was due to unrealized and realized gains on embedded derivatives, partially offset by unrealized losses on options.

At December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the years ended December 31, 2011 and 2010 and the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Automotive Financing — GM Financial

At December 31, 2011 and 2010 assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps — Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Note 19 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation we have not paid any dividends on our common stock and have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of

our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$621	$810	$349
Series B Preferred Stock (b)	243	—	
Total Preferred Stock dividends paid	$864	$810	$349

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST in the year ended December 31, 2010. Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result $105 million of the $146 million of dividends paid in the period July 10, 2009 through September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

(b) Cumulative unpaid dividends on our Series B Preferred Stock was $20 million and $25 million at December 31, 2011 and 2010.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. The expected return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In December 2011 an analysis of the investment policy was completed for the U.S. pension plans considering: (1) our overall balance sheet derisking strategy; (2) the plans are closed to new participants; and (3) the 2011 UAW negotiations did not increase pension benefits. Separate long-term strategies were developed for the salaried and hourly U.S. pension plans which represent 35% and 65% of total U.S. pension plans' assets. Using an approach which matches plan assets and liability cash flows to minimize risk of funded status volatility, the expected weighted-average return on assets was reduced from 8.0% at December 31, 2010 to 5.7% for the

salaried pension plan and to 6.5% for the hourly pension plan. The resulting weighted-average return is 6.2%. The overall decrease is primarily due to a different asset mix consisting of a higher proportion of fixed income investments compared to last year. The salaried pension plan has a higher target proportion of fixed income investments than the hourly pension plan and therefore, a lower expected return on assets than the hourly pension plan.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (loss) (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
Unamortized actuarial gain (loss)	$(3.8)	$2.9

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO
25 basis point decrease in discount rate	− $130	+$2,730	+$45	+$ 774
25 basis point increase in discount rate	+$110	− $2,660	− $ 6	− $ 735
25 basis point decrease in expected return on assets	+$210	N/A	+$34	N/A
25 basis point increase in expected return on assets	− $210	N/A	− $34	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2011 (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO
One percentage point increase in benefit units	+$101	+$308
One percentage point decrease in benefit units	− $ 98	− $299

Refer to Note 18 to our consolidated financial statements for the weighted-average expected long-term rate of return on plan assets, weighted-average discount rate on plan obligations, actual and expected return on plan assets, and for a discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. In the U.S. Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

Refer to Note 18 to our consolidated financial statements for the weighted-average discount rate used to determine net OPEB expense.

Valuation of Deferred Tax Assets

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in jurisdictions with significant valuation allowances, we are experiencing positive evidence trends in certain of these jurisdictions. South Korea operations have overcome adjusted three-year cumulative losses due to recent profitability. However, a number of negative evidence factors continue to affect the need for a valuation allowance such as economic and industry uncertainty and limited carryforward lives of key tax attributes. After reviewing all factors, if additional positive evidence becomes available, we may reverse some or all of our South Korean valuation allowance in the future. At December 31, 2011 the deferred tax valuation allowance for South Korea was $0.8 billion.

U.S. and Canadian operations are also experiencing current profitability, but these operations remain in cumulative three-year loss position at December 31, 2011. To the extent this profitability trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances. At December 31, 2011 deferred tax asset valuation allowances for the U.S. and Canada were $36.4 billion and $3.2 billion.

In a valuation allowance environment, utilization of tax attributes to offset taxable income reduces the overall level of deferred tax assets subject to valuation allowance. Additionally, our recorded effective tax rate is lower than the applicable statutory tax rate, due primarily to income earned in jurisdictions for which a full valuation allowance is recorded. Our effective tax rate will approach the

statutory tax rate in periods after valuation allowances are reversed. In the quarter in which valuation allowances are released, we will record a material tax benefit reflecting the release, which could result in a negative effective tax rate. Valuation allowance releases could result in goodwill impairment. Refer to Note 12 to our consolidated financial statements for additional information related to goodwill impairment charges.

Valuation of Vehicle Operating Leases and Valuation of Residual Support and Risk Sharing Reserve

Valuation of Vehicle Operating Leases

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from six months to five years. A retail lease customer is obligated to make payments during the term of a lease to the contract residual. A retail lease customer is not obligated to purchase a vehicle at the end of a lease. Sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Generally, the terms under these arrangements are up to 24 months, however, the daily rental car companies can and do return the vehicles earlier, averaging nine months. We are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle.

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

We continue to use forecasted auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated.

The following table summarizes recorded impairment charges related to leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Automotive retail leases to daily rental car companies	$151	$49	$18	$47
Automotive retail leases	$ —	$—	$—	$16

Valuation of Residual Support and Risk Sharing Reserve

Significant differences between estimated and actual residual values will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio.

During the year ended December 31, 2011 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.5 billion in the U.S. due to increases in estimated and actual residual values at contract termination.

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Maximum obligation		
Residual support	$ 40	$ 523
Risk sharing agreements	$ 88	$ 692
Outstanding receivables (liabilities)		
Residual support	$ 6	$ 24
Risk sharing agreements	$(66)	$(269)

The decrease in risk sharing and residual amounts is due to liquidation of the lease portfolio for which we have obligations.

Impairment of Goodwill

At December 31, 2011 we had goodwill of $29.0 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712, “Compensation — Nonretirement Postemployment Benefits” and ASC 715, “Compensation — Retirement Benefits” and deferred income taxes were recorded in accordance with ASC 740, “Income Taxes”. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted.

In the three months ended December 31, 2011, 2010 and 2009 we performed our annual goodwill impairment testing as of October 1 for all reporting units, which are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Based on this testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011. Subsequent to our 2011 annual impairment testing we reversed a valuation allowance for our Holden reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value and determined that there was an event-driven impairment in our GM Korea reporting unit. As such we recorded goodwill impairment charges of $270 million in the three months ended December 31, 2011 within our GMIO segment. We recorded goodwill impairment charges of $395 million in the three months ended March 31, 2011 and $621 million in the three months ended December 31, 2011 pertaining to our GME reporting unit. Refer to Notes 3 and 12 to our consolidated financial statements for additional information on these Goodwill impairment charges, including disclosure on our adoption of Accounting Standard Update 2010-28, “Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts”.

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units (excluding GM Financial) include:

- Our estimated weighted-average cost of capital (WACC);

- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven impairment tests and utilized Level 3 measures.

The following table summarizes the goodwill balances and key assumptions for each of our more significant reporting units (excluding GM Financial) utilized in our 2011 and 2010 annual goodwill impairment tests (dollars and volumes in millions):

				Industry Sales (a)		Market Share (a)	
	Goodwill (c)	WACC	Long-Term Growth Rates	2011/2012	2014/2015	2011/2012	2014/2015
GMNA							
At October 1, 2010	$26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
At October 1, 2011	$26,395	18.0%	1.5%	16.7	20.1	19.2%	19.2%
GME							
At October 1, 2010	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
At October 1, 2011	$ 1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GM Korea (b)							
At October 1, 2010	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
At October 1, 2011	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
Holden							
At October 1, 2010	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
At October 1, 2011	$ 188	14.0%	2.0%	1.2	1.3	12.5%	12.6%
GM Mercosur							
At October 1, 2010	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%
At October 1, 2011	$ 110	14.8%	4.0%	5.1	6.0	18.1%	18.2%

(a) Amounts at October 1, 2010 are for 2011 through 2014 and amounts at October 1, 2011 are for 2012 through 2015.

(b) Industry sales and market share are based on global industry volumes because GM Korea exports vehicles globally.

(c) Goodwill balance is before any adjustments, if any, for goodwill impairments.

The WACCs considered various factors including bond yields, risk premiums and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond the forecast period; and industry sales and a market share for each reporting unit included annual estimates through the forecast period. In addition, minimum operating cash needs that incorporate specific business, economic and regulatory factors giving rise to varying cash needs were estimated.

With regard to GM Financial with goodwill of $1.3 billion at October 1, 2011, key assumptions impacting our 2011 annual impairment testing procedures include forecasted asset composition and growth and equity to managed asset retention ratios. Forecasted equity to managed asset retention ratio by 2014 was 12.5% and held constant thereafter.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

For purposes of our 2011 annual impairment testing procedures, the estimated fair values of our more significant reporting units exceeded their carrying values by 12.3% for GMNA, 24.7% for Holden, 56.8% for GM Mercosur and 10.3% for GM Financial. In

calculating the fair values of our more significant reporting units during our 2011 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our WACC increased by 150 basis points for GMNA, 410 basis points for Holden and 430 basis points for GM Mercosur. For GM Financial, fair value would still exceed its carrying amount had equity to managed assets retention ratio increased 230 basis points by 2014.

Based on the fair value measures determined during our 2011 annual and event-driven impairment tests we determined the fair values of those reporting units requiring a Step 2 analysis (GME, GM Korea and Holden) had not increased sufficiently to give rise to an implied goodwill amount other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are the determination of our nonperformance risk, interest rates, estimates of our employee benefit related obligations and/or the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. Of these factors, the amount of implied goodwill within GME is most sensitive to changes in our nonperformance risk, interest rates and estimates of our employee benefit related obligations. GM Korea and Holden are most sensitive to our determination of whether it is more likely than not that their deferred tax assets will or will not be utilized.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying amounts. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. GME has a negative carrying amount and GM Korea's fair value is less than its carrying amount, which increases the likelihood of measuring goodwill for further impairment in the near-term.

Upon the application of fresh-start reporting goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, upon the application of fresh-start reporting, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts (1) would decrease upon a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk; (2) could decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) could decrease upon a change in the fair values of our estimated employee benefit obligations. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value or the reporting unit has a negative carrying amount, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value to-U.S. GAAP differences that gave rise to goodwill upon application of fresh-start reporting.

Refer to Note 12 to our consolidated financial statements for additional information on goodwill impairments, including risks of future goodwill impairment charges.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform or vehicle line level. Non-product line specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 3 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the Securities and Exchange Commission (SEC) on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like "anticipate," "believe," "continue," "could," "designed," "effect," "estimate," "evaluate," "expect," "forecast," "goal," "initiative," "intend," "may," "objective," "outlook," "plan," "potential," "priorities," "project," "pursue," "seek," "should," "target," "when," "would," or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to take actions we believe are important to our long-term strategy;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing, which may be reduced or suspended;
- Our ability to develop captive financing capability, including through GM Financial;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the U.S. and in global markets;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;

- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;

- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;

- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;

- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

- Costs and risks associated with litigation;

- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and

- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

Further information on our exposure to market risk is included in Note 19 to our consolidated financial statements.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2011 such contracts have remaining maturities of up to 12 months. At December 31, 2011 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won and Euro/Korean Won.

At December 31, 2011 and 2010 the net fair value liability of financial instruments with exposure to foreign currency risk was $4.2 billion and $3.3 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $637 million and $513 million at December 31, 2011 and 2010.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement gains (losses) (dollars in millions):

	Successor	
	Year Ended December 31, 2011	Year Ended December 31, 2010
Foreign currency translation gain (loss) recorded in Accumulated other comprehensive income (loss)	$(167)	$ 235
Gain (loss) resulting from foreign currency transactions and remeasurements recorded in earnings	$ (56)	$(209)

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

At December 31, 2011 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Short-term debt — fixed rate	$ 573	$ 305
Short-term debt — variable rate	1,109	1,311
Total short-term debt	$1,682	$1,616
Short-term debt — fixed rate denominated in U.S. dollars	$ 135	$ 96
Short-term debt — fixed rate denominated in foreign currency	438	209
Total short-term debt — fixed rate	$ 573	$ 305
Short-term debt — variable rate denominated in U.S. dollars	$ 192	$ 347
Short-term debt — variable rate denominated in foreign currency	917	964
Total short-term debt — variable rate	$1,109	$1,311
Long-term debt — fixed rate	$3,536	$2,519
Long-term debt — variable rate	77	495
Total long-term debt	$3,613	$3,014
Long-term debt — fixed rate denominated in U.S. dollars	$ 525	$ 601
Long-term debt — fixed rate denominated in foreign currency	3,011	1,918
Total long-term debt — fixed rate	$3,536	$2,519
Long-term debt — variable rate denominated in U.S. dollars	$ 32	$ 287
Long-term debt — variable rate denominated in foreign currency	45	208
Total long-term debt — variable rate	$ 77	$ 495

At December 31, 2011 and 2010 the fair value liability of debt and capital leases was $5.5 billion and $4.8 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $152 million and $166 million at December 31, 2011 and 2010.

We invest in marketable securities of various types and maturities, the value of which are subject to fluctuations in interest rates. Our marketable securities portfolio includes marketable securities classified as Available-for-sale and Trading.

At December 31, 2011 and 2010 we had marketable securities of $10.1 billion and $5.4 billion classified as Available-for sale with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $28 million and $9 million at December 31, 2011 and 2010.

At December 31, 2011 and 2010 we had marketable securities of $6.0 billion and $107 million classified as Trading with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $20 million and $6 million at December 31, 2011 and 2010.

Commodity Price Risk

We are exposed to changes in prices of commodities primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. We use commodity options to offset our commodity price exposures.

At December 31, 2011 and 2010 the net fair value (liability) asset of commodity derivatives and commodity related embedded derivatives was $(11) million and $84 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $24 million and $47 million at December 31, 2011 and 2010. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

At December 31, 2011 the carrying amount of cost method investments was $439 million, of which the carrying amount of our investment in Ally Financial common stock was $403 million. In March 2011 we sold our investment in Ally Financial preferred stock for net proceeds of $1.0 billion. At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. These amounts represent the maximum exposure to loss from these investments. Refer to Note 10 to our consolidated financial statements for further details on the sale of the Ally Financial preferred stock.

Automotive Financing — GM Financial

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap or "strike" rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap or "strike" rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap agreement purchased is included in GM Financial Other assets and the fair value of the interest rate cap agreement sold is included in GM Financial Other liabilities.

Securitizations

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions. GM Financial uses interest rate swaps to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate ("pay rate") and receive a floating or variable rate ("receive rate"), thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swaps purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swaps serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerances. Its SPEs are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities. The fair value of the interest rate caps purchased in connection with securitization transactions are included in GM Financial Other assets and the fair value of the interest rate caps sold are included in GM Financial Other liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating and other expenses.

GM Financial has entered into interest rate swaps to hedge the variability in interest payments on seven of its active securitization transactions. Portions of these interest rate swaps are designated and qualify as cash flow hedges. The fair value of interest rate swaps designated as hedges is included in GM Financial Other liabilities. Interest rate swaps that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2011 (dollars in millions):

	Years Ending December 31,						December 31, 2011
	2012	2013	2014	2015	2016	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,889	$2,571	$1,532	$ 946	$ 548	$ 265	$9,386
Weighted-average annual percentage rate	15.19%	15.04%	14.87%	14.71%	14.52%	14.60%	
Interest rate swap agreements							
Notional amounts	$ 485	$ 24	$ —	$ —	$ —	$ —	$ 2
Average pay rate	1.44%	1.17%	—	—	—	—	
Average receive rate	0.43%	0.84%	—	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 252	$ 259	$ 382	$ 319	$ 135	$ 166	$ 5
Average strike rate	4.00%	3.94%	3.71%	3.71%	3.50%	3.11%	
Liabilities							
Credit facilities							
Principal amounts	$1,099	$ —	$ —	$ —	$ —	$ —	$1,099
Weighted-average interest rate	1.88%	—	—	—	—	—	
Securitization notes							
Principal amounts	$3,164	$1,481	$1,022	$ 720	$ 422	$ 86	$6,946
Weighted-average interest rate	2.94%	3.51%	4.05%	4.58%	5.18%	3.64%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ —	$ 500	$ 510
Weighted-average interest rate	—	—	—	—	—	6.75%	
Convertible senior notes payable							
Principal amounts	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Weighted-average interest rate	—	2.13%	—	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 485	$ 24	$ —	$ —	$ —	$ —	$ 6
Average pay rate	1.44%	1.17%	—	—	—	—	
Average receive rate	0.43%	0.84%	—	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 210	$ 259	$ 382	$ 319	$ 135	$ 166	$ 5
Average strike rate	4.05%	3.94%	3.71%	3.71%	3.50%	3.11%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swaps and caps are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swaps and caps, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2011 (Successor). Our report dated February 27, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of revised accounting standards related to goodwill.

Deloitte & Touche LLP

Detroit, Michigan
February 27, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2011 (Successor) and 2010 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the years ended December 31, 2011 (Successor) and 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included Schedule II — Valuation and Qualifying Accounts (the "financial statement schedule"). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2011 (Successor) and 2010 (Successor), and the results of their operations and their cash flows for the years ended December 31, 2011 (Successor) and 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, the Successor adopted amendments in Accounting Standards Update (ASU) 2010-28 and 2011-08 to Accounting Standards Codification (ASC) Topic 350, *Intangibles-Goodwill and Other*, effective January 1, 2011 and October 1, 2011, respectively.

As discussed in Note 15 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 32 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2012 expressed an unqualified opinion on the Successor's internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
February 27, 2012

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Net sales and revenue				
Automotive sales and revenue	$148,866	$135,311	$57,474	$ 47,115
GM Financial revenue	1,410	281	—	—
Total net sales and revenue	150,276	135,592	57,474	47,115
Costs and expenses				
Automotive cost of sales	130,386	118,768	56,316	55,814
GM Financial operating and other expenses	785	152	—	—
Automotive selling, general and administrative expense	12,105	11,446	6,006	6,161
Other automotive expenses, net	58	118	15	1,235
Goodwill impairment charges	1,286	—	—	—
Total costs and expenses	144,620	130,484	62,337	63,210
Operating income (loss)	5,656	5,108	(4,863)	(16,095)
Equity in income of and disposition of interest in Ally Financial	—	—	—	1,380
Automotive interest expense	540	1,098	694	5,428
Interest income and other non-operating income, net	851	1,531	375	852
Gain (loss) on extinguishment of debt	18	196	(101)	(1,088)
Reorganization gains, net (Note 32)	—	—	—	128,155
Income (loss) before income taxes and equity income	5,985	5,737	(5,283)	107,776
Income tax expense (benefit)	(110)	672	(1,000)	(1,166)
Equity income, net of tax and gain on disposal of investments	3,192	1,438	497	61
Net income (loss)	9,287	6,503	(3,786)	109,003
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118
Earnings (loss) per share (Note 26)				
Basic				
Basic earnings per common share	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Weighted-average common shares outstanding	1,536	1,500	1,238	611
Diluted				
Diluted earnings per common share	$ 4.58	$ 2.89	$ (3.58)	$ 178.55
Weighted-average common shares outstanding	1,668	1,624	1,238	611

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	Successor	
	December 31, 2011	December 31, 2010
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 15,499	$ 21,061
Marketable securities	16,148	5,555
Restricted cash and marketable securities	206	1,240
Accounts and notes receivable (net of allowance of $331 and $252)	9,949	8,699
Inventories	14,324	12,125
Equipment on operating leases, net	2,464	2,568
Other current assets and deferred income taxes	1,657	1,805
Total current assets	60,247	53,053
Automotive Non-current Assets		
Restricted cash and marketable securities	912	1,160
Equity in net assets of nonconsolidated affiliates	6,790	8,529
Property, net	22,957	19,235
Goodwill	27,741	30,513
Intangible assets, net	10,013	11,882
Other assets and deferred income taxes	2,900	3,594
Total non-current assets	71,313	74,913
Total Automotive Assets	131,560	127,966
GM Financial Assets		
Finance receivables, net (including gross finance receivables transferred to SPEs of $9,068 and $7,156)	9,162	8,197
Restricted cash	1,115	1,090
Goodwill	1,278	1,265
Other assets (including leased assets, net transferred to SPEs of $274 and $0)	1,488	380
Total GM Financial Assets	13,043	10,932
Total Assets	$144,603	$138,898
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 24,494	$ 21,497
Short-term debt and current portion of long-term debt (including certain debt at GM Korea of $171 and $70; Note 15)	1,682	1,616
Accrued liabilities (including derivative liabilities at GM Korea of $44 and $111; Note 15)	22,756	24,044
Total current liabilities	48,932	47,157
Automotive Non-current Liabilities		
Long-term debt (including certain debt at GM Korea of $7 and $835; Note 15)	3,613	3,014
Postretirement benefits other than pensions	6,836	9,294
Pensions	25,075	21,894
Other liabilities and deferred income taxes	12,336	13,021
Total non-current liabilities	47,860	47,223
Total Automotive Liabilities	96,792	94,380
GM Financial Liabilities		
Securitization notes payable (Note 17)	6,938	6,128
Credit facilities	1,099	832
Other liabilities	783	399
Total GM Financial Liabilities	8,820	7,359
Total Liabilities	105,612	101,739
Commitments and contingencies (Note 20)		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2011 and 2010)	5,536	5,536
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2011 and 2010)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,564,727,289 shares and 1,500,136,998 shares issued and outstanding at December 31, 2011 and 2010)	16	15
Capital surplus (principally additional paid-in capital)	26,391	24,257
Retained earnings	7,183	266
Accumulated other comprehensive income (loss)	(5,861)	1,251
Total stockholders' equity	38,120	36,180
Noncontrolling interests	871	979
Total Equity	38,991	37,159
Total Liabilities and Equity	$144,603	$138,898

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Cash flows from operating activities				
Net income (loss)	$ 9,287	$ 6,503	$(3,786)	$ 109,003
Less: GM Financial income, net	437	90	—	—
Automotive income (loss)	8,850	6,413	(3,786)	109,003
Adjustments to reconcile Automotive income (loss) to net cash provided by (used in) operating activities–Automotive				
Depreciation, impairment charges and amortization expense	7,344	6,923	4,511	6,873
Foreign currency remeasurement and transaction loss	56	209	755	1,077
Amortization of discount and issuance costs on debt issues	200	163	140	3,897
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	—	(59)	478
Undistributed (earnings) losses of nonconsolidated affiliates and gain on disposal of investments	(1,947)	(753)	(497)	1,036
Pension contributions and OPEB payments	(2,269)	(5,723)	(5,832)	(2,472)
Pension and OPEB (income) expense, net	(755)	412	3,570	3,234
Withdrawals (contributions) from/to VEBA	—	—	(252)	9
(Gain) loss on extinguishment of debt	(18)	(196)	101	1,088
Gain on disposition of Ally Financial Common Membership Interests	—	—	—	(2,477)
Reorganization gains, net (including cash payments $408)	—	—	—	(128,563)
Provisions (benefits) for deferred taxes	(311)	242	(1,427)	(600)
Change in other investments and miscellaneous assets	(155)	(137)	292	596
Increase (decrease) in other operating assets and liabilities (Note 31)	(3,897)	(981)	3,372	(10,229)
Other	331	17	176	(1,253)
Net cash provided by (used in) operating activities–Automotive	7,429	6,589	1,064	(18,303)
GM Financial income, net	437	90	—	—
Adjustments to reconcile income to net cash provided by (used in) operating activities	370	86	—	—
Change in operating assets and liabilities	(70)	15	—	—
Net cash provided by operating activities–GM Financial	737	191	—	—
Net cash provided by (used in) operating activities	8,166	6,780	1,064	(18,303)

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Cash flows from investing activities				
Expenditures for property	(6,241)	(4,200)	(1,862)	(3,517)
Available-for-sale marketable securities, acquisitions	(20,535)	(11,012)	—	(202)
Trading marketable securities, acquisitions	(6,571)	(358)	(158)	—
Available-for-sale marketable securities, liquidations	15,825	5,611	3	185
Trading marketable securities, liquidations	660	343	168	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(53)	(3,580)	(2,127)	—
Increase due to consolidation of business units	—	63	222	46
Distributions from (investments in) Ally Financial	—	—	72	(884)
Operating leases, liquidations	9	346	564	1,307
Proceeds from sale of business units/investments, net	4,821	317	—	—
Increase in restricted cash and marketable securities	(543)	(871)	(3,604)	(18,461)
Decrease in restricted cash and marketable securities	1,894	13,823	8,775	418
Other investing activities	106	236	103	(26)
Net cash provided by (used in) investing activities–Automotive	(10,628)	718	2,156	(21,134)
GM Financial cash on hand at acquisition	—	538	—	—
Purchases of receivables	(5,012)	(947)	—	—
Principal collections and recoveries on receivables	3,719	871	—	—
Purchases of leased vehicles	(837)	(11)	—	—
Other investing activities	18	64	—	—
Net cash provided by (used in) investing activities–GM Financial	(2,112)	515	—	—
Net cash provided by (used in) investing activities	(12,740)	1,233	2,156	(21,134)
Cash flows from financing activities				
Net increase (decrease) in short-term debt	131	(1,097)	(352)	(2,364)
Proceeds from issuance of debt (original maturities greater than three months)	467	718	6,153	53,949
Payments on debt (original maturities greater than three months)	(1,471)	(10,536)	(5,259)	(6,072)
Proceeds from issuance of stock	11	4,857	—	—
Payments to repurchase stock	—	(1,462)	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	—	(1,216)
Payments to acquire noncontrolling interest	(100)	(6)	(100)	(5)
Debt issuance costs and fees paid for debt modification	—	(161)	—	(63)
Cash dividends paid (including premium paid on redemption of stock)	(916)	(1,572)	(97)	—
Net cash provided by (used in) financing activities–Automotive	(1,878)	(9,259)	345	44,229
Proceeds from issuance of debt (original maturities greater than three months)	8,567	1,168	—	—
Payments on debt (original maturities greater than three months)	(6,997)	(1,675)	—	—
Other financing activities	(50)	(4)	—	—
Net cash provided by (used in) financing activities–GM Financial	1,520	(511)	—	—
Net cash provided by (used in) financing activities	(358)	(9,770)	345	44,229
Effect of exchange rate changes on cash and cash equivalents–GM Financial	(3)	—	—	—
Net transactions with Automotive	235	—	—	—
Net increase in cash and cash equivalents–GM Financial	377	195	—	—
Cash and cash equivalents at beginning of period–GM Financial	195	—	—	—
Cash and cash equivalents at end of period–GM Financial	$ 572	$ 195	$ —	$ —
Effect of exchange rate changes on cash and cash equivalents–Automotive	$ (250)	$ (57)	$ 492	$ 168
Net transactions with GM Financial	(235)	—	—	—
Net increase (decrease) in cash and cash equivalents–Automotive	(5,562)	(2,009)	4,057	4,960
Cash and cash equivalents reclassified as assets held for sale–Automotive	—	391	(391)	—
Cash and cash equivalents at beginning of period–Automotive	21,061	22,679	19,013	14,053
Cash and cash equivalents at end of period–Automotive	$ 15,499	$ 21,061	$22,679	$ 19,013

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retain Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance December 31, 2008, Predecessor	$—	$—	$ 1,017	$ 16,489	$ (70,727)	$(32,339)	$ 484		$ (85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive loss						(3,031)	92	(2,939)	(2,939)
Comprehensive income								$106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 18)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income						1,588	(33)	1,555	1,555
Comprehensive loss								$ (2,231)	
Common stock and warrants related to settlement of UAW hourly retiree medical plan	—	—	3	5,153	—	—	—		5,156
Purchases of noncontrolling interest	—	—	—	108	—	—	(208)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) — (Continued)
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retain Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive loss	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	5,536	4,855	15	24,257	266	1,251	979		37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Notes 3 and 12)	—	—	—	—	(1,466)	—	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	$ 9,287	9,287
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	(176)	(10)	(186)	
Cash flow hedging gains, net	—	—	—	—	—	15	—	15	
Unrealized gain on securities	—	—	—	—	—	1	—	1	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(6,903)	—	(6,903)	
Sale of interest in nonconsolidated affiliate	—	—	—	—	—	(42)	—	(42)	
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)	(7,115)
Comprehensive income								$ 2,172	
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)		(100)
Exercise of common stock warrants	—	—	—	11	—	—	—		11
Stock based compensation	—	—	—	219	—	—	—		219
Pension plan stock contribution (Note 18)	—	—	1	1,863	—	—	—		1,864
Cumulative dividends on Series A and Series B Preferred Stock	—	—	—	—	(859)	—	—		(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)		(54)
Deconsolidation of noncontrolling interest	—	—	—	—	—	—	(9)		(9)
Other	—	—	—	—	52	—	2		54
Balance December 31, 2011, Successor	$5,536	$4,855	$16	$26,391	$ 7,183	$(5,861)	$ 871		$38,991

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is the predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company. On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Note 2. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. These also include the accounts of the variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Presentation of Financial Statements

We changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

In the year ended December 31, 2011 we have recorded foreign currency exchange gains and losses on debt as non-operating items. This is a change from prior period presentations in which foreign currency exchange gains and losses on debt were recorded in Automotive cost of sales. We have reclassified all the successor prior periods to conform to our current presentation. The effects of this reclassification decreased Automotive cost of sales and Interest income and other non-operating income, net by $24 million for the year ended December 31, 2010 and $65 million for the period July 10, 2009 through December 31, 2009.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates as well as our ability to fully benefit from these operations.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations in 2011 because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

The aggregate net assets of our Venezuelan subsidiaries at December 31, 2011 and 2010 were $438 million and $337 million. At December 31, 2011 and 2010 other consolidated entities have receivables from our Venezuelan subsidiaries of $380 million and $283 million. The total amounts pending government approval for settlement at December 31, 2011 and 2010 were BsF 2.3 billion (equivalent to $535 million) and BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007.

Note 3. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM. The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Advertising expense	$4,478	$4,259	$2,110	$1,471

Research and Development Expenditures

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Research and development expense	$8,124	$6,962	$3,034	$3,017

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt, certificates of deposit, and corporate debt securities are classified as Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

We measure fair value of our marketable securities using a market approach where identical or comparable prices are available, and an income approach in other cases. We obtain the majority of the prices used in this valuation from a pricing service. We conduct an

annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields, and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in securities are other than temporary. Factors considered in determining whether a loss on a marketable security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit Corp. (AmeriCredit) were adjusted to fair value at October 1, 2010. As a result of the acquisition the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. The fair value of the receivables was less than the principal amount of those receivables, thus resulting in a discount to par. This discount was attributable, in part, to future credit losses that did not exist at the origination of the receivables.

A non-accretable difference is the excess between a loan's contractually required payments (undiscounted amount of all uncollected principal and contractual interest payments, both past due and scheduled for the future) and the amount of the loan's cash flows expected to be collected. An accretable yield is the excess in the loan's cash flows expected to be collected over the initial investment in the loan, which at October 1, 2010 was fair value.

As a result of purchase accounting GM Financial evaluated the common risk characteristics of the loan portfolio and split it into several pools. GM Financial's policy is to remove a charged off loan individually from a pool based on comparing any amount received with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received approximates pool performance expectations. The remaining accretable yield balance is unaffected and any material change in remaining effective yield caused by this removal method is addressed by GM Financial's quarterly cash flow evaluation process for each pool. For loans that are resolved by payment in full there is no release of the non-accretable difference for the pool because there is no difference between the amount received and the contractual amount of the loan.

Any deterioration in the performance of the pre-acquisition receivables will result in recording an incremental provision for loan losses. Improvements in the performance of the pre-acquisition receivables which results in a significant increase in actual or expected cash flows will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Finance Receivables and Allowance for Loan Losses

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. GM Financial reviews charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. GM Financial also

uses historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations.

Inventory

Inventories are stated at the lower of cost or market. In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan's termination date for the plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2011. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts entered into with a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts may be backed by one or more separately managed investment accounts, which generally hold investments in high quality fixed income securities. The fair value of each contract depends, to a significant extent, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying securities held which are determined by each of the insurance companies. From time to time, the defined benefit pension plans' liabilities may increase when certain contractually required reserves, as estimated by an insurer under the terms of the contract, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are unallocated arrangements and are classified in Level 3.

Common and Preferred Stock

Common and preferred stock securities for which market prices are readily available by the Company at the measurement date, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level and other factors in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded, and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified as Level 3.

Fair value estimates for private investment funds, private equity, private debt, and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2011 48,000 of our U.S. employees (or 62%) were represented by unions, of which 47,000 employees were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The current labor contract with the UAW is effective for a four-year term that began in October 2011 and expires in September 2015. The contract included a $5,000 lump sum payment to each eligible UAW employee in the year ended December 31, 2011 and three additional lump sum payments of $1,000 to be paid annually in the years ending December 31, 2012, 2013 and 2014. These lump sum payments totaling $381 million are being amortized over the four-year contract period.

Job Security Programs

Effective with our current labor agreement the Job Opportunity Bank (JOBS) Program was eliminated and the Supplemental Unemployment Benefit (SUB) program and the Transitional Support Program (TSP) were retained. These modified job security programs provide employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to Canadian Auto Workers Union (CAW) employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs in May 2009, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on the best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

Prior to our public offering in November and December 2010, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore, compensation cost is recorded on the date of grant.

Policy, Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, commodity, interest rate swap and interest rate cap derivative contracts entered into in connection with the management of exposure to fluctuations in certain foreign currency exchange rates, commodity prices and interest rates.

In connection with certain long-term supply contracts that we have entered into, we have identified embedded derivatives which we have bifurcated for valuation and accounting purposes.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors and current and forward market prices for foreign currency exchange rates and commodities. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily price, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2011 and 2010 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied unsecured credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2011 and 2010 we incorporated our published credit agency ratings into our credit rating conclusions. Beginning in December 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our foreign currency exchange derivatives. Consequently, all automotive operations foreign currency exchange derivative liabilities were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating and other expenses.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gains (losses), net within a separate component of Accumulated other comprehensive income. Amounts are reclassified from Accumulated other comprehensive income when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt which are recorded in Interest income and other non-operating income, net.

The following table summarizes the effects of foreign currency transactions and remeasurement (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Gain (loss) resulting from foreign currency transactions and remeasurement	$(55)	$(210)	$(755)	$(1,077)

Recently Adopted Accounting Principles

In December 2010 the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2010-28, "Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in ASU 2010-28 modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings at the date of adoption with future impairments recorded to earnings. Refer to Note 12 for additional information on the adoption of ASU 2010-28 and its effect on the consolidated financial statements.

In September 2011 the FASB issued ASU 2011-08, "Testing Goodwill for Impairment" (ASU 2011-08). Under the revised guidance entities testing for goodwill impairment have an option of performing a qualitative assessment before calculating the fair value for the reporting unit, i.e., Step 1 of the goodwill impairment test. If an entity determines on a basis of qualitative factors that the fair value of the reporting unit is more likely than not less than the carrying amount the first step of the two-step impairment test

would be required. If it is not more likely than not that the fair value of the reporting unit is less than the carrying amount, then goodwill is not considered to be impaired. ASU 2011-08 does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill at least annually for impairment. We adopted ASU 2011-08 effective October 1, 2011. The adoption of this ASU did not have an effect on the conclusions reached during our goodwill impairment assessments performed in the three months ended December 31, 2011.

Accounting Standards Not Yet Adopted

In May 2011 the FASB issued ASU 2011-04, "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASU 2011-04). Key provisions of the amendments in ASU 2011-04 include: (1) a prohibition on grouping financial instruments for purposes of determining fair value, except in limited cases; (2) an extension of the prohibition against the use of a blockage factor to all fair value measurements; and (3) a requirement that for recurring Level 3 fair value measurements, entities disclose quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements. For items not carried at fair value but for which fair value is disclosed, entities will be required to disclose the level within the fair value hierarchy that applies to the fair value measurement disclosed. This ASU is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a significant effect on our fair value measurements utilized within the consolidated financial statements.

Note 4. Acquisition and Disposal of Businesses

Acquisition of Additional GM Korea Interests

In March 2011 we completed the acquisition of an additional 6.9% interest in GM Korea Company (GM Korea) for cash of $100 million. The transaction was accounted for as an equity transaction as we retain the controlling financial interest in GM Korea. This transaction reduced our equity attributable to Noncontrolling interests by $134 million and our Accumulated other comprehensive income by $7 million and increased our Capital surplus by $41 million. We now own 77.0% of the outstanding shares of GM Korea.

Acquisition of AmeriCredit

In October 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of $3.5 billion. This acquisition allows us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor
	October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

(b) The fair value of Finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the GM Financial reporting unit. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the years ended December 31, 2011 and 2010, as well as the supplemental pro forma revenue and earnings of the combined entity for the year ended December 31, 2010 as if the acquisition had occurred on January 1, 2010 and for the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor				Predecessor
			Pro Forma-Combined (Unaudited)		Pro Forma-Combined (Unaudited)
	GM Financial Amounts For Year Ended December 31, 2011	GM Financial Amounts For Year Ended December 31, 2010	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$1,410	$281	$136,645	$58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 440	$ 90	$ 6,651	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2010 and January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

In November 2010 we completed the sale of Nexteer Automotive Corporation (Nexteer), a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During the year ended December 31, 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information was material.

Acquisition of General Motors Strasbourg

In October 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S. (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010 and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor
	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, recorded in Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information was material.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. In February 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated balance sheets and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We recorded a corresponding liability to reflect our obligation to provide additional capital.

In connection with this transaction, we provided an option to SAIC-HK to not participate in future capital injections, which would otherwise be required under certain circumstances. SAIC-HK still held this option at December 31, 2011. The related option liability was $88 million and $24 million at December 31, 2011 and 2010, measured utilizing Level 3 inputs. Total unrealized losses related to this option were $64 million and $3 million in the years ended December 31, 2011 and 2010.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the Delphi-GM Settlement Agreements (as defined in Note 20) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi (as subsequently defined). The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We agreed to acquire Nexteer, Delphi's global steering business, which supplied us and other original equipment manufacturers with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components. We and several third party investors agreed to acquire substantially all of Delphi's remaining assets through a newly formed entity, subsequently named Delphi Automotive LLP (New Delphi). We agreed to acquire all the Class A Membership Interests in New Delphi with the other investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We also agreed to pay or assume certain Delphi obligations of $1.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. We waived our rights to $850 million previously advanced to Delphi and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 20 for additional information on the Delphi-GM Settlement Agreements.

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$3,742

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Total current assets, primarily accounts and notes receivable, net of $541	$ 854
Total non-current assets, primarily property, net of $202 (a)	305
Total current liabilities, primarily accounts payable of $316	(484)
Total non-current liabilities, primarily other liabilities and deferred income taxes	(374)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Includes goodwill of $61 million recorded in the GMNA reporting unit that arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Since we and Old GM historically accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity. Refer to Note 20 for additional information on the Nexteer acquisition.

In March 2011 we sold our Class A Membership Interest in New Delphi for $3.8 billion. Refer to Note 10 for additional information.

Saab Bankruptcy and Sale

In February 2009 Saab Automobile AB (Saab), part of our GME segment, filed for protection under the reorganization laws of Sweden. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of debtor-in-possession (DIP) financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remainder in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 5. Finance Receivables, net

Automotive Financing — GM Financial

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Pre-acquisition finance receivables, outstanding balance	$4,366	$7,724
Less: carrying amount adjustment	(339)	(425)
Pre-acquisition finance receivables, carrying amount	4,027	7,299
Post-acquisition finance receivables, net of fees	5,314	924
Total finance receivables	9,341	8,223
Less: allowance for loan losses on post-acquisition finance receivables	(179)	(26)
Total finance receivables, net	$9,162	$8,197

The following table summarizes activity for finance receivables (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Pre-acquisition finance receivables, carrying amount, beginning of period	$ 7,299	$8,231
Post-acquisition finance receivables, beginning of period	924	—
Loans purchased	5,085	935
Charge-offs	(66)	—
Principal collections and other	(3,418)	(765)
Change in carrying amount adjustment on the pre-acquisition finance receivables	(483)	(178)
Balance at end of period	$ 9,341	$8,223

The following table summarizes the estimated fair value, carrying amount and various methods and assumptions used in valuing GM Financial's finance receivables (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Finance receivables, net (a)	$9,162	$9,386	$8,197	$8,186

(a) The fair value is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital (WACC). The forecast includes factors such as prepayment, defaults, recoveries and fee income assumptions.

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

At December 31, 2011 and 2010 the accrual of finance charge income has been suspended on delinquent finance receivables based on contractual amounts due of $439 million and $491 million.

GM Financial reviews its pre-acquisition portfolio for differences between contractual cash flows and the cash flows expected to be collected from its initial investment in the pre-acquisition portfolio to determine if the difference is attributable, at least, in part to credit quality. At December 31, 2011 as a result of improvements in the credit performance of the pre-acquisition portfolio, which resulted in an increase of expected cash flows of $261 million, GM Financial transferred the excess non-accretable discount to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes accretable yield (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$1,201	$1,436
Accretion of accretable yield	(725)	(235)
Transfer from non-accretable discount	261	—
Balance at end of period	$ 737	$1,201

The following table summarizes activity for the allowance for post-acquisition loan losses (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 26	$—
Provision for loan losses	178	26
Charge-offs	(66)	—
Recoveries	41	—
Balance at end of period	$179	$26

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
FICO score less than 540	$2,133	$1,328
FICO score 540 to 599	4,167	3,396
FICO score 600 to 659	2,624	2,758
FICO score greater than 660	756	1,166
Balance at end of period (a)	$9,680	$8,648

(a) Balance at end of period is the sum of pre-acquisition finance receivables — outstanding balance and post-acquisition finance receivables, net of fees.

Delinquency

The following summarizes the contractual amount of finance receivables, which is not materially different than the recorded investment, more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$517	5.3%	$535	6.2%
Greater-than-60 days	182	1.9%	212	2.4%
Total finance receivables more than 30 days delinquent	699	7.2%	747	8.6%
In repossession	27	0.3%	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$726	7.5%	$775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 6. Securitizations

Automotive Financing — GM Financial

The following table summarizes securitization activity and cash flows from consolidated SPEs used for securitizations (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Receivables securitized	$4,828	$743
Net proceeds from securitization	$4,550	$700
Servicing Fees		
Variable interest entities	$ 201	$ 46
Net Distributions from Trusts		
Variable interest entities	$ 852	$216

GM Financial retains servicing responsibilities for receivables transferred to certain securitization SPEs. At December 31, 2011 and 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.9 billion and $7.2 billion.

Note 7. Marketable Securities

Automotive

The following tables summarize information regarding marketable securities (dollars in millions):

	Successor						
	December 31, 2011						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Available-for-sale securities							
U.S. government and agencies	$ 5,214	$ 2	$—	$ 5,216	$—	$ 5,216	$—
Sovereign debt	143	—	—	143	—	143	—
Certificates of deposit	178	—	—	178	—	178	—
Corporate debt	4,566	3	4	4,565	—	4,565	—
Total available-for-sale securities	10,101	5	4	10,102	—	10,102	—
Trading securities (a)							
Equity	39	—	5	34	34	—	—
Sovereign debt	5,951	18	33	5,936	—	5,936	—
Other debt	77	1	2	76	—	76	—
Total trading securities	6,067	19	40	6,046	34	6,012	—
Total marketable securities	$16,168	$24	$44	$16,148	$34	$16,114	$—

(a) Unrealized gains/losses on trading securities are primarily related to remeasurement of CAD denominated securities.

	Successor						
	December 31, 2010						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Available-for-sale securities							
U.S. government and agencies	$2,023	$—	$—	$2,023	$—	$2,023	$—
Sovereign debt	773	—	—	773	—	773	—
Certificates of deposit	954	—	—	954	—	954	—
Corporate debt	1,670	1	2	1,669	—	1,669	—
Total available-for-sale securities	5,420	1	2	5,419	—	5,419	—
Trading securities							
Equity	34	5	1	38	21	17	—
Sovereign debt	28	4	—	32	—	32	—
Other debt	67	1	2	66	—	66	—
Total trading securities	129	10	3	136	21	115	—
Total marketable securities	$5,549	$11	$ 5	$5,555	$21	$5,534	$—

We maintained trading securities of $84 million and $89 million as compensating balances to support letters of credit of $70 million and $74 million at December 31, 2011 and 2010. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes sales proceeds from investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Sales proceeds	$1,556	$11	$3	$185

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2011 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$ 8,413	$ 8,414
Due after one year through five years	1,688	1,688
Total contractual maturities of available-for-sale securities	$10,101	$10,102

The following table summarizes marketable securities classified as cash equivalents and restricted marketable securities measured at fair value on a recurring basis (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents								
U.S. government and agency	$ —	$ 239	$—	$ 239	$ —	$1,085	$—	$ 1,085
Sovereign debt	—	987	—	987	—	523	—	523
Certificates of deposit	—	2,028	—	2,028	—	2,705	—	2,705
Money market funds	1,339	—	—	1,339	4,844	—	—	4,844
Commercial paper	—	5,112	—	5,112	—	3,807	—	3,807
Total marketable securities classified as cash equivalents	$1,339	$8,366	$—	$9,705	$4,844	$8,120	$—	$12,964
Restricted marketable securities								
Money market funds	$ 383	$ —	$—	$ 383	$ 345	$ —	$—	$ 345
Sovereign debt	—	15	—	15	—	1,011	—	1,011
Other	—	164	—	164	—	118	—	118
Total marketable securities classified as restricted marketable securities	$ 383	$ 179	$—	$ 562	$ 345	$1,129	$—	$ 1,474

Automotive Financing — GM Financial

The following table summarizes marketable securities classified as Other assets and Restricted cash measured at fair value on a recurring basis (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market funds	$1,435	$—	$—	$1,435	$1,119	$—	$—	$1,119

Note 8. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Productive material, supplies and work in process	$ 6,486	$ 5,487
Finished product, including service parts	7,838	6,638
Total inventories	$14,324	$12,125

Note 9. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Equipment on operating leases	$2,691	$2,843
Less: accumulated depreciation	(227)	(275)
Equipment on operating leases, net	$2,464	$2,568

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Depreciation expense	$431	$500	$568	$275
Impairment charges	$151	$ 49	$ 18	$ 63

The following tables summarize leased vehicles measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

	Successor			
		Fair Value Measurements Using		
	Fair Value Range of Measures	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Year ended December 31, 2011	$200-922	$ —	$ —	$200-922
Year ended December 31, 2010	$537-668	$ —	$ —	$537-668
Period July 10, 2009 through December 31, 2009	$543-567	$ —	$ —	$543-567

	Predecessor			
		Fair Value Measurements Using		
	Fair Value Range of Measures	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Period January 1, 2009 through July 9, 2009	$539-2,057	$ —	$ —	$539-2,057

Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from anticipated future auction proceeds. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third party with servicing retained. At December 31, 2011 this subsidiary was servicing leased vehicles of $1.0 billion for this third-party.

The following table summarizes equipment on operating leases, net (dollars in millions):

	Successor
	December 31, 2011
Equipment on operating leases — leased vehicles	$ 860
Less: accumulated depreciation	(75)
Equipment on operating leases, net	$ 785

The following table summarizes depreciation expense related to equipment on operating leases, net (dollars in millions):

	Successor
	Year Ended December 31, 2011
Depreciation expense	$ 70

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2012	2013	2014	2015	2016
Minimum rental receipts under operating leases	$153	$147	$100	$36	$5

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following tables summarizes information regarding equity in income (loss), net of tax and gain on disposal of investments and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Ally Financial				$(1,097)
Gain on conversion of UST Ally Financial Loan				2,477
Total equity in income of and disposition of interest in Ally Financial				$ 1,380
China JVs	$1,511	$1,297	$460	$ 300
New Delphi (including gain on disposition)	1,727	117	(1)	—
Others	(46)	24	38	(239)
Total equity income, net of tax and gain on disposal of investments	$3,192	$1,438	$497	$ 61

We received dividends from nonconsolidated affiliates of $1.2 billion, $685 million and $134 million in the years ended December 31, 2011 and 2010 and the period July 10, 2009 through December 31, 2009, and Old GM received dividends of $220 million in the period January 1, 2009 through July 9, 2009. At December 31, 2011 we had undistributed earnings including dividends declared but not received, of $1.6 billion related to our nonconsolidated affiliates.

Investment in China JVs

The following table summarizes our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs:

	Successor	
	December 31, 2011	December 31, 2010
Shanghai General Motors Co., Ltd. (SGM)	49%	49%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	

Sales and income of our China JVs are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax and gain on disposal of investments.

SGM is a joint venture established in 1997 by SAIC (51%) and us (49%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%).

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported brands of Buick, Chevrolet and Cadillac and the sales of automobiles manufactured by SGM.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in New Delphi to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership

Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income, net of tax and gain on disposal of investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Impairment of Investment in HKJV

In March 2011 there was a change in the local tax regulations which significantly extended the period of time over which GM India will receive certain value added tax based investment incentives. The delay in recovery of these incentives significantly affected GM India's cash flow and earnings before interest and income taxes forecasts, resulting in a decrease in the fair value of HKJV. The fair value of our investment in HKJV at March 31, 2011 was determined to be $112 million compared to a carrying amount of $151 million. The loss in value was determined to be other than temporary and, therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in the HKJV in the three months ended March 31, 2011. Refer to Note 4 for additional information related to HKJV.

VMM Deconsolidation

In June 2011 we entered into a new shareholder agreement with Fiat Powertrain Technologies SPA related to VM Motori (VMM) in Italy. Under the new shareholder agreement, we retain 50% ownership but no longer have control. Accordingly, we removed the assets and liabilities of VMM, which included allocated goodwill of $36 million from our GME reporting unit, from our consolidated balance sheets and recorded an equity interest in the amount of $46 million.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
China JVs	$6,452	$6,133
New Delphi	—	2,043
Other investments	338	353
Total equity in net assets of nonconsolidated affiliates	$6,790	$8,529

At December 31, 2011 and 2010 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting, of which $3.3 billion was allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	Successor					
	China JVs December 31, 2011	Others December 31, 2011	Total December 31, 2011	China JVs December 31, 2010	Others December 31, 2010	Total December 31, 2010
Summarized Balance Sheet Data						
Current assets	$10,882	$2,274	$13,156	$ 9,689	$ 9,708	$19,397
Non-current assets	5,293	1,863	7,156	4,147	5,001	9,148
Total assets	$16,175	$4,137	$20,312	$13,836	$14,709	$28,545
Current liabilities	$10,526	$1,492	$12,018	$ 8,931	$ 4,745	$13,676
Non-current liabilities	651	934	1,585	580	2,232	2,812
Total liabilities	$11,177	$2,426	$13,603	$ 9,511	$ 6,977	$16,488
Non-controlling interests	$ 948	$ —	$ 948	$ 766	$ 474	$ 1,240

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)
Summarized Operating Data			
China JV's net sales	$30,511	$25,395	$18,098
Others' net sales	4,242	17,500	7,457
Total net sales	$34,753	$42,895	$25,555
China JV's net income	$ 3,203	$ 2,808	$ 1,636
Others' net income (loss)	(13)	656	161
Total net income	$ 3,190	$ 3,464	$ 1,797

(a) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized an equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 28 (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Results of Operations				
Automotive sales and revenue	$3,266	$2,910	$ 899	$596
Automotive purchases, net	$1,044	$2,881	$1,190	$737
Automotive selling, general and administrative expense	$ 16	$ 3	$ (19)	$ (19)
Automotive interest expense	$ 20	$ 16	$ —	$ —
Interest income and other non-operating income (expense), net	$ 34	$ 43	$ 14	$ (9)

	Successor	
	December 31, 2011	December 31, 2010
Financial Position		
Accounts and notes receivable, net	$1,785	$1,618
Accounts payable (principally trade)	$ 342	$ 641
Deferred revenue and customer deposits	$ 150	$ 9

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Cash Flows				
Operating	$3,624	$719	$538	$546
Investing	$ (27)	$ (74)	$ (67)	$ —

Ally Financial Common and Preferred Stock

GM

On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the United States Department of the Treasury (UST) made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert 110 million shares of preferred securities into 532 thousand shares of common stock. This resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% was held directly and 5.9% was held indirectly through an independent trust. In May 2011 we transferred the 4.0% of shares we owned directly to the independent trust. In December 2011, in response to a letter from the trustee requesting that the life of the trust be extended, the Federal Reserve agreed to extend the trust from December 2011 to December 2013. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2013. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10.0%. At December 31, 2011 and 2010 our equity ownership in Ally Financial was 9.9%.

Fair Value and Impairment of Ally Financial Common and Preferred Stock

We estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's December 31, 2011 and 2010 financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry, and the effects of certain Ally Financial Shareholder rights described below. The measurement of Ally Financial common stock is a Level 3 fair value measurement.

At December 31, 2011 we determined the carrying amount of our investment in Ally Financial common stock exceeded our estimate of its fair value. Our current estimate of fair value results from broader macroeconomic uncertainties and volatility in the financial markets including the eurozone debt crisis, continued heightened risk of recession and concerns about Ally Financial's mortgage related operations. Our estimate considered the potential effect of contractual provisions held by the UST who may receive

incremental ownership interest in Ally Financial depending upon Ally Financial's equity value at the time of a successful public offering or private sale. These contractual provisions could result in significant dilution of our ownership interest. Based on an evaluation of the duration and severity of this decline in fair value, we have concluded the impairment is other than temporary. As a result we have recorded an impairment charge of $555 million in Interest income and other non-operating income, net to reduce our investment to its current estimated fair value of $403 million.

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $0.3 billion related to the sale was recorded in Interest income and other non-operating income, net.

We calculated the fair value of our investment in Ally Financial preferred stock as of December 31, 2010 using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Common stock		
Carrying amount	$403	$ 964
Fair value	$403	$1,031
Preferred stock		
Carrying amount		$ 665
Fair value		$1,055

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009. As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million.

Old GM

In January 2009 Old GM received a loan from the UST to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts under the loan into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis. In May 2009 the UST exercised this option, the outstanding principal and interest under the loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests.

The following table summarizes financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009
Consolidated Statement of Income (Loss)	
Total financing revenue and other interest income	$ 6,916
Total interest expense	$ 3,936
Depreciation expense on operating lease assets	$ 2,113
Gain on extinguishment of debt	$ 657
Total other revenue	$ 2,117
Total noninterest expense	$ 3,381
Loss from continuing operations before income tax expense	$(2,260)
Income tax expense from continuing operations	$ 972
Net loss from continuing operations	$(3,232)
Loss from discontinued operations, net of tax	$(1,346)
Net loss	$(4,578)

Ally Financial — Preferred and Common Membership Interests

The following table summarizes the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Note 11. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor		
	Estimated Useful Lives (Years)	December 31, 2011	December 31, 2010
Land	—	$ 2,496	$ 2,536
Buildings and improvements	5-40	4,670	4,324
Machinery and equipment	3-27	10,651	8,727
Construction in progress	—	3,068	1,754
Real estate, plants, and equipment		20,885	17,341
Less: accumulated depreciation		(4,601)	(3,277)
Real estate, plants, and equipment, net		16,284	14,064
Special tools, net	1-15	6,673	5,171
Total property, net		$22,957	$19,235

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Capitalized interest	$91	$62	$21	$28

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Capitalized software in use, net	$276	$287
Capitalized software in the process of being developed	$111	$ 96

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Depreciation and amortization of long-lived assets	$3,596	$3,574	$2,218	$5,925
Impairment charges of long-lived assets (a)	81	240	2	566
Total depreciation, impairment charges and amortization expense	$3,677	$3,814	$2,220	$6,491
Capitalized software amortization expense (b)	$ 202	$ 195	$ 132	$ 136

(a) The fair value of related assets was determined to be $0 in the years ended December 31, 2011 and 2010 and the period from July 10, 2009 through December 31, 2009 and $0 to $85 million in the period from January 1, 2009 through July 9, 2009

measured utilizing level 3 inputs. Fair value measurements of long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion in the period January 1, 2009 through July 9, 2009.

Note 12. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$ 3,335	$ 771	$157	$30,672	$ —	$30,672
Reporting unit reorganization	—	(82)	82	—	—	—	—
Goodwill acquired (a)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Effect of adoption of ASU 2010-28	—	(1,466)	—	—	(1,466)	—	(1,466)
Impairment charges	—	(1,016)	(270)	—	(1,286)	—	(1,286)
Deconsolidation of entity (b)	—	(36)	—	—	(36)	—	(36)
Goodwill acquired	5	—	—	—	5	14	19
Effect of foreign currency translation and other	—	46	(21)	(14)	11	(1)	10
Balance at December 31, 2011	$26,399	$ 581	$ 610	$151	$27,741	$1,278	$29,019
Accumulated impairment charges at January 1, 2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2011 (c)	$ —	$(2,482)	$(270)	$ —	$ (2,752)	$ —	$ (2,752)

(a) Refer to Note 4 for additional information concerning the acquisition of AmeriCredit.

(b) Refer to Note 10 for additional information concerning the deconsolidation of VMM.

(c) Includes impairment charges of $1.5 billion recorded as a cumulative-effect adjustment to beginning Retained earnings due to the adoption of ASU 2010-28.

We adopted the provisions of ASU 2010-28 on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed at December 31, 2011 and at March 31, 2011 we recorded impairment charges of $1.0 billion in the year ended December 31, 2011. Refer to Note 3 for additional information on ASU 2010-28.

In the three months ended December 31, 2011, 2010 and 2009 we performed our annual goodwill impairment testing as of October 1 for all reporting units. Based on this testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011. Subsequent to our 2011 annual impairment testing we reversed a deferred tax asset valuation allowance for our GM Holden, Ltd. (Holden) reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value and determined that there was an event-driven impairment in our GM Korea reporting unit. As such we recorded Goodwill impairment charges of $270 million in the three months ended December 31, 2011 within our GMIO segment. These goodwill impairment charges primarily represent the decrease in the fair value-to-U.S. GAAP differences (which originated upon our application of fresh-start reporting in 2009) resulting from the reversal of valuation allowances in Holden.

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the year ended December 31, 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from a decrease in our nonperformance risk and an improvement in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease also resulted from an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. In addition, for the purpose of deriving an implied goodwill balance, deterioration in the business outlook for certain reporting units resulted in a reduction in the amount of deferred taxes giving rise to goodwill through the application of Accounting Standards Codification (ASC) 805, “Business Combinations” (ASC 805) and an increase in estimated employee benefit obligations.

In the year ended December 31, 2011 our market capitalization (including the fair value of our preferred stock and warrants) declined and at times it approximated our recorded Total equity. The fair values of our reporting units determined in our annual goodwill impairment test decreased from the prior year, with the fair values of our GME and GM Korea reporting units decreasing below their carrying amounts. The decrease in GME was driven primarily by a higher level of anticipated economic weakness in Europe in the near- and medium-term. The decrease in GM Korea was driven by a higher level of anticipated economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to ASC 805.

The following table summarizes the goodwill balances and key assumptions utilized for each of our reporting units that required a Step 2 analysis (dollars and vehicles in millions):

	Goodwill (b)	WACC	Long-Term Growth Rates	Industry Sales (c)		Market Share (c)	
				2011/2012	2015/2016	2011/2012	2015/2016
GME — At January 1, 2011	$3,053	17.0%	0.5%	18.4	22.0	6.6%	7.4%
GME — At March 31, 2011	$1,661	16.5%	0.5%	18.4	22.0	6.6%	7.4%
GME — At October 1, 2011	$1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GME — At December 31, 2011	$1,193	18.5%	0.5%	19.4	22.3	6.3%	6.9%
GM Korea — At October 1, 2011 (a)	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At December 31, 2011 (a)	$ 596	15.5%	3.0%	81.0	97.1	1.4%	1.1%
Holden — At December 31, 2011	$ 197	14.0%	2.0%	1.2	1.3	12.5%	12.6%

(a) Industry sales and market share are based on global industry volumes because GM Korea exports vehicles globally.

(b) Goodwill balance is before any adjustments, if any, for goodwill impairments.

(c) GME amounts at January 1, 2011 and March 31, 2011 are 2011 through 2015 and GME amounts at December 31, 2011 are 2012 through 2016. All others amounts are 2012 through 2015.

During our Step 2 analyses we determined the fair values of these reporting units had not increased sufficiently to give rise to implied goodwill other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting. On certain of our testing dates our Step 2 analyses indicated GME's, GM Korea's and Holden's implied goodwill was less than their recorded goodwill; therefore, goodwill was adjusted at various dates in the year ended December 31, 2011.

Future goodwill impairments that may be material could be recognized should the recent economic uncertainty continue, our equity price decline on a sustained basis, global economies enter into another recession and industry growth stagnates, or should we release deferred tax asset valuation allowances in certain tax jurisdictions (which could occur in the near future if additional positive evidence becomes available).

In these circumstances future goodwill impairments would largely be affected by decreases in the fair value-to-U.S.-GAAP differences that have occurred subsequent to our application of fresh-start reporting. The decrease may occur upon; (1) an improvement in our credit rating; (2) a decrease in credit spreads between high quality corporate bond rates and market interest rates thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) a change in the fair values of our estimated employee benefit obligations. A decrease would also occur upon reversal of our deferred tax asset valuation allowances. Any declines would have a negative effect on our earnings that could be material.

Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Note 13. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,749	$5,080	$ 2,669	3	$ 7,751	$3,650	$ 4,101
Brands	36	5,408	372	5,036	37	5,439	222	5,217
Dealer network and customer relationships	20	2,134	318	1,816	20	2,172	199	1,973
Favorable contracts	30	514	200	314	26	526	120	406
Other	1	17	14	3	2	19	9	10
Total amortizing intangible assets	24	15,822	5,984	9,838	21	15,907	4,200	11,707
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$15,997	$5,984	$10,013		$16,082	$4,200	$11,882

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Amortization expense related to intangible assets	$1,799	$2,560	$1,584	$44

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2012	$1,561
2013	$1,228
2014	$ 611
2015	$ 313
2016	$ 314

Note 14. Restricted Cash and Marketable Securities

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements.

Automotive

At December 31, 2011 and 2010 we held securities of $0.6 billion and $1.5 billion that were classified as Restricted cash and marketable securities. Refer to Note 7 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current		
Canadian Health Care Trust (HCT) (a)	$ —	$1,008
Other (b)	206	232
Total current restricted cash and marketable securities	206	1,240
Non-current		
Collateral for insurance related activities	407	588
Other (b)	505	572
Total non-current restricted cash and marketable securities	912	1,160
Total restricted cash and marketable securities	$1,118	$2,400

(a) Under the terms of an escrow agreement between General Motors of Canada Limited (GMCL), the Export Development Canada (EDC) and an escrow agent, GMCL established an $893 million escrow to fund certain of its healthcare obligations. In the year ended December 31, 2011 $772 million of the escrow funds were used to fund the healthcare obligations and the escrow arrangement was terminated. The remaining funds held in escrow of $225 million were no longer subject to restrictions and were released to us.

(b) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing — GM Financial

The following table summarizes the components of Restricted cash (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Securitization notes payable and credit facilities	$1,056	$1,057
Other (a)	59	33
Total restricted cash	$1,115	$1,090

(a) Pledged in association with derivative transactions and cash collections related to leases serviced for a third party.

Note 15. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing, and selling venture arrangements, the most significant of which is GM Egypt. We consolidated GM Egypt in January 2010 in connection with our adoption of amendments to ASC 810, "Consolidation". GM Egypt, a 31% owned operating entity, assembles and manufactures vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. At December 31, 2011 and 2010 (1) Total assets recognized for these consolidated VIEs were $463 million and $481 million, which were comprised of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $298 million and $307 million, which were comprised of Accounts payable (principally trade), and Accrued and other liabilities. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations. In the years ended December 31, 2011 and 2010 Total net sales and revenue recorded for these consolidated VIEs were $748 million and $753 million and Net income was $61 million and $84 million, the most significant of which were attributable to GM Egypt. Prior to 2010, Total assets and liabilities recognized were not significant.

GM Korea, a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Korea's short-term debt of $171 million and $70 million, current derivative liabilities of $44 million and $111 million and long-term debt of $7 million and $835 million at December 31, 2011 and 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to a minority shareholder in GM Korea to repurchase GM Korea's preferred shares according to the redemption schedule should GM Korea not repurchase the shares. This guarantee decreased the amount of long-term debt which did not have recourse to our general credit in the year ended December 31, 2011.

Automotive Financing — GM Financial

GM Financial finances its loan and lease origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains a residual interest in these entities and is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The SPEs are considered VIEs because they do not have sufficient equity at risk and are consolidated because GM Financial has the power over those activities that most significantly affect the economic performance of the SPEs. Refer to Notes 5, 6 and 17 for additional information on GM Financial's involvement with the SPEs. The finance receivables, leased assets and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing, and selling venture arrangements and other automotive related entities to which we provide financial support, including American Axle and Manufacturing Holdings, Inc. (American Axle), Ally Financial and HKJV. We concluded these entities are VIEs because they do not have sufficient equity at risk or will require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 28 (dollars in millions):

	December 31, 2011		December 31, 2010	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Assets				
Accounts and notes receivable, net	$ 1	$ 1	$108	$108
Equity in net assets of nonconsolidated affiliates	190	186	274	274
Other assets	1	1	60	59
Total assets	$192	$188	$442	$441
Liabilities				
Accounts payable (principally trade)	$ —	$ —	$ 1	$ —
Other liabilities	198	—	44	—
Total liabilities	$198	$ —	$ 45	$ —
Off-Balance Sheet				
Loan commitments		$ 15		$100
Other guarantees		—		3
Other liquidity arrangements		220		223
Total guarantees and liquidity arrangements		$235		$326

Refer to Notes 10 and 28 for additional information on Ally Financial, including our maximum exposure to loss under agreements with Ally Financial and our recorded investment in Ally Financial. Refer to Notes 4 and 10 for additional information on our investment in HKJV.

Note 16. Accrued Liabilities and Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current		
Dealer and customer allowances, claims and discounts	$ 6,820	$ 6,885
Deposits from rental car companies	4,883	5,037
Deferred revenue	1,128	1,104
Policy, product warranty and recall campaigns	3,061	2,587
Payrolls and employee benefits excluding postemployment benefits	1,993	2,141
Taxes other than income taxes	782	1,083
Other	4,089	5,207
Total accrued liabilities	$22,756	$24,044
Non-current		
Deferred revenue	$ 1,284	$ 753
Policy, product warranty and recall campaigns	3,539	4,202
Employee benefits excluding postemployment benefits	1,380	1,549
Postemployment benefits including facility idling reserves	1,674	1,574
Deferred income taxes	913	1,207
Other	3,546	3,736
Total other liabilities and deferred income taxes	$12,336	$13,021

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 6,789	$ 7,030	$ 7,193	$ 8,491
Warranties issued and assumed in period	3,062	3,204	1,388	1,069
Payments	(3,740)	(3,662)	(1,797)	(1,851)
Adjustments to pre-existing warranties	565	210	66	(153)
Effect of foreign currency translation	(76)	7	180	63
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	—	(77)
Ending balance	$ 6,600	$ 6,789	$ 7,030	7,542
Effect of application of fresh-start reporting				(349)
Ending balance including effect of application of fresh-start reporting				$ 7,193

(a) In August 2009 Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 17. Short-Term and Long-Term Debt

Automotive

Short-Term Debt and Long-Term Debt

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Short-term debt		
Wholesale financing (a)	$ 1,081	$ 1,054
Korea mandatorily redeemable preferred shares	312	—
Capital leases	139	129
Other short-term debt and current portion of long-term debt	150	433
Total automotive short-term debt and current portion of long-term debt	1,682	1,616
Long-term debt		
HCT Notes	1,141	—
Korea mandatorily redeemable preferred shares	666	835
Capital leases	853	532
Other long-term debt (a)	953	1,647
Total long-term debt	3,613	3,014
Total automotive debt (b)	$ 5,295	$ 4,630
Fair value of debt (c)	$ 5,467	$ 4,840
Available under short-term line of credit agreements	$ 560	$ 445
Available under long-term line of credit agreements	$ 5,307	$ 5,474
Interest rate range on outstanding debt (d)	0.0–19.0%	0.0–16.7%
Weighted-average interest rate on outstanding short-term debt (d)	5.0%	5.7%
Weighted-average interest rate on outstanding long-term debt (d)	3.6%	2.7%

(a) Includes debt obligations to Ally Financial of $1.1 billion at December 31, 2011 and 2010.

(b) Net of a $1.6 billion and $1.9 billion discount at December 31, 2011 and 2010.

(c) We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

(d) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The following table summarizes our short-term and long-term debt by collateral type (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Unsecured debt	$3,065	$2,011
Secured debt (a)	1,238	1,958
Capital leases	992	661
Total automotive debt	$5,295	$4,630

(a) Includes wholesale financing of dealer inventory.

Wholesale Financing

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our product and generally do not require cash outflows to settle. Balances under these facilities fluctuate period to period based on the volume of vehicles financed.

HCT Notes

As part of the establishment of the Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrue interest at an annual rate of 7.0%. The notes are due in periodic installments through 2018. We may prepay these notes at any time. Refer to Note 18 for additional information on the HCT settlement.

Korea Preferred Shares

GM Korea has non-convertible mandatorily redeemable preferred shares outstanding of $978 million and $835 million at December 31, 2011 and December 31, 2010. Dividends accrue at a rate of 2.5% through October 2012 at which time the rate increases to 7.0% and remains in effect through 2017. The preferred shares are redeemable in periodic installments through 2017. In February 2011 we provided a guarantee to repurchase the preferred shares according to the redemption schedule if GM Korea does not have sufficient legally distributable earnings to redeem the shares. GM Korea has the option to redeem the shares early provided sufficient legally distributable earnings exist.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility which includes a letter of credit sub-facility of up to $500 million. Additionally, we can use collateral under the revolving credit facility to support up to $2.0 billion of other obligations. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property and trademarks. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial and our equity interests in our China JVs and in GM Korea. If we receive an investment grade corporate rating from two or more of the credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we may no longer have to post collateral under the terms of the facility.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

UST Credit Agreement

On July 10, 2009 we entered into a loan agreement with the UST, as amended (UST Credit Agreement) and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility). In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account. Amounts repaid under the agreement may not be reborrowed.

While we have repaid the loans from the UST in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of exceptional financial assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

VEBA Notes

In 2009 in connection with the 363 Sale, we entered into the VEBA Note Agreement and issued notes (VEBA Notes) of $2.5 billion to the UAW Retiree Medical Benefits Trust (New VEBA). The VEBA Notes had an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the amended and restated loan agreement with the EDC and assumed a $1.3 billion term loan (Canadian Loan) from the EDC under a loan and security agreement entered into in April 2009 (EDC Loan Facility) maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 we repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Amounts repaid under the agreement may not be reborrowed.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facility require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2011.

Automotive Financing — GM Financial

The following table summarizes the estimated fair value, carrying amount and various methods and assumptions used in valuing GM Financial's debt (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value (a)	Carrying Amount	Estimated Fair Value (a)
Credit facilities				
Medium-term note facility	$ 294	$ 294	$ 490	$ 490
Syndicated warehouse facility	621	621	278	278
Lease funding facilities	181	181	—	—
Bank funding facility	3	3	64	64
Total credit facilities	1,099	1,099	832	832
Securitization notes payable	6,938	6,946	6,128	6,107
Senior notes and convertible senior notes (b)	501	511	72	72
Total GM Financial debt	$8,538	$8,556	$7,032	$7,011

(a) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value. The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

(b) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Senior Notes and Convertible Senior Notes

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

As a result of the acquisition of AmeriCredit, the holders of previous senior notes and convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes and senior notes of $463 million.

Credit Facilities

The following table summarizes further details regarding terms and availability of GM Financial's credit facilities at December 31, 2011 (dollars in millions):

	Successor			
	Facility Amount	Advances Outstanding	Assets Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$2,000	$ 621	$ 821	$ 17
U.S. lease warehouse facility (c)	$ 600	—	—	—
Canada lease warehouse facility (d)	$ 589	181	274	1
Medium-term note facility (e)		294	322	84
Bank funding facility		3	—	—
		$1,099	$1,417	$102

(a) These amounts do not include cash collected on finance receivables pledged of $35 million which is included in GM Financial Restricted cash at December 31, 2011.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) In January 2012 GM Financial extended the maturity date of the lease warehouse facility for lease originations in the U.S. to January 2013. Borrowings on the facility are collateralized by leased assets.

(d) In July 2011 GM Financial Canada Leasing Ltd., a subsidiary of GM Financial entered into a lease warehouse facility for lease originations in Canada that matures in July 2012. Borrowings on the facility are collateralized by leased assets. The facility amount represents CAD $600 million at December 31, 2011.

(e) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and

portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2011 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 14 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase accounting premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2011 and 2010 unamortized purchase accounting premium of $43 million and $107 million is included in Securitization notes payable.

The following table summarizes Securitization notes payable (dollars in millions):

	Successor					
	December 31, 2011					December 31, 2010
Year of Transactions	Maturity Dates (a)	Original Note Amounts	Original Weighted-Average Interest Rates	Total Receivables Pledged	Note Balance	Note Balance
2006	January 2014	$ 1,200	5.4%	$ 69	$ 63	$ 537
2007	October 2013 – March 2016	$1,000 - 1,500	5.2% - 5.5%	844	794	1,610
2008	October 2014 – April 2015	$ 500 - 750	6.0% - 10.5%	503	171	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	416	298	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	2,015	1,756	2,683
2011	February 2017 – March 2019	$ 800 - 1,000	2.4% - 2.9%	4,078	3,813	N/A
BV2005				N/A	N/A	28
LB2006				N/A	N/A	168
				$7,925	6,895	6,021
Purchase accounting premium					43	107
Total securitization notes payable					$6,938	$6,128

(a) Maturity dates represent final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2011 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Interest Expense

Consolidated

The following table summarizes interest expense (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Loans from UST (a)	$ —	$ 117	$226	$4,006
Canadian loan (b)	—	26	46	173
VEBA Notes	—	166	—	—
Old GM contingent convertible debt	—	—	—	176
Ally Financial, primarily wholesale financing	63	243	121	100
Other	477	546	301	973
Total Automotive interest expense	540	1,098	694	5,428
GM Financial interest expense	204	37		
Total interest expense	$744	$1,135	$694	$5,428

(a) Includes Old GM's borrowings under the UST Loan Agreement, as amended, entered into in December 2008 (UST Loan Agreement) and DIP Facility.

(b) Includes Old GM's EDC Loan Facility.

Long-Term Debt Maturities

Consolidated

The following table summarizes contractual long-term debt maturities including capital leases (dollars in millions):

	At December 31, 2011		
	Automotive	Automotive Financing (a)	Total
2012	$ 493	$4,263	$ 4,756
2013	164	1,482	1,646
2014	269	1,022	1,291
2015	404	720	1,124
2016	295	422	717
Thereafter	4,038	586	4,624
	$5,663	$8,495	$14,158

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2011 future interest payments on automotive capital lease obligations were $755 million. GM Financial does not have capital lease obligations at December 31, 2011.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, due primarily to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

In connection with the relief sought under U.S. bankruptcy laws (Chapter 11 Proceedings), Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt due primarily to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of interest expense related to contingent convertible debt (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest accrued or paid (a)	$176
Amortization of discounts	51
Interest expense	$227

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 18. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trade hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan which was frozen on January 2, 2012 and will be terminated in 2012 subject to regulatory approvals. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for entry level participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

In January 2012 we amended the U.S. salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. Active plan participants will receive additional contributions in the defined contribution plan starting in October 2012. This amendment will result in a curtailment, with an insignificant expense effect, and reduce the projected benefit obligation by approximately $300 million.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2011 all legal funding requirements had been met. We expect to contribute $100 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2012.

The following table summarizes contributions made to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. hourly and salaried	$1,962	$4,095	$ 31	$ 57
Non-U.S.	836	777	4,287	529
Total	$2,798	$4,872	$4,318	$586

We made a contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Employer contributions	$426	$651	$1,528	$1,947
Plan participants' contributions	13	53	172	169
Total contributions	$439	$704	$1,700	$2,116

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $0.8 billion and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after October 1, 2007 participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans.

The following table summarizes our consolidated contributions to defined contribution plans (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total contributions	$297	$241	$100	$70

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

The change in benefit obligation for the years ended December 31, 2011 and 2010 include interim remeasurements. For the year ended December 31, 2010 there were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

In the three months ended September 30, 2011 a plan which provides legal services to U.S. hourly employees and retirees was remeasured as a result of our current labor agreement provisions which terminate the plan effective December 31, 2013. The termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between GMCL and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and

surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $749 million as a component of Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of $414 million of accumulated other comprehensive losses.

Pension and OPEB Obligations and Plan Assets

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2011			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$103,395	$ 24,762	$ 5,667	$ 4,252
Service cost	494	399	23	30
Interest cost	4,915	1,215	265	186
Plan participants' contributions	—	7	13	9
Amendments	(6)	(10)	(284)	(2)
Actuarial losses	8,494	1,530	548	343
Benefits paid	(8,730)	(1,561)	(439)	(180)
Early retirement reinsurance program receipts	—	—	29	—
Foreign currency translation adjustments	—	(508)	—	(128)
Canadian healthcare trust settlement	—	—	—	(3,051)
Curtailments, settlements and other	—	(69)	—	31
Ending benefit obligation	108,562	25,765	5,822	1,490
Change in plan assets				
Beginning fair value of plan assets	91,007	14,903	—	—
Actual return on plan assets	10,087	686	—	—
Employer contributions	1,962	836	426	171
Plan participants' contributions	—	7	13	9
Benefits paid	(8,730)	(1,561)	(439)	(180)
Foreign currency translation adjustments	—	(258)	—	—
Settlements	—	(34)	—	—
Other	23	(38)	—	—
Ending fair value of plan assets	94,349	14,541	—	—
Ending funded status	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 61	$ —	$ —
Current liabilities	(99)	(324)	(411)	(65)
Non-current liabilities	(14,114)	(10,961)	(5,411)	(1,425)
Net amount recorded	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$ (1,352)	$ (2,498)	$(1,003)	$ (177)
Net prior service credit	15	19	251	76
Total recorded in Accumulated other comprehensive income (loss)	$ (1,337)	$ (2,479)	$ (752)	$ (101)

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 72	$ —	$ —
Current liabilities	(93)	(332)	(440)	(185)
Non-current liabilities	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$108,195	$25,404	$103,110	$24,371
Plans with ABO in excess of plan assets				
ABO	$108,195	$24,687	$103,090	$23,519
Fair value of plan assets	$ 94,349	$13,738	$ 90,983	$13,959
Plans with PBO in excess of plan assets				
PBO	$108,562	$25,024	$103,375	$24,350
Fair value of plan assets	$ 94,349	$13,739	$ 90,983	$14,419

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions).

	Successor			
	Year Ended December 31, 2011			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 632	$ 399	$ 23	$ 30
Interest cost	4,915	1,215	265	186
Expected return on plan assets	(6,692)	(925)	—	—
Amortization of prior service credit	(2)	(2)	(39)	(9)
Recognized net actuarial loss	—	—	6	—
Curtailments, settlements, and other (gains) losses	(23)	(7)	—	(749)
Net periodic pension and OPEB (income) expense	$(1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense				
Discount rate	4.96%	5.16%	5.05%	5.01%
Expected return on plan assets	8.00%	6.50%	N/A	N/A
Rate of compensation increase	3.96%	3.25%	4.50%	4.42%

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	N/A
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	N/A
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 243	$ 155	$ 69	$ 12
Interest cost	3,077	596	1,615	102
Expected return on plan assets	(3,810)	(364)	(444)	—
Amortization of prior service cost (credit)	429	(12)	(1,051)	(63)
Amortization of transition obligation	—	2	—	—
Recognition of net actuarial loss	715	193	32	23
Curtailments, settlements, and other losses (gains)	1,720	97	21	(123)
Net periodic pension and OPEB (income) expense	$ 2,374	$ 667	$ 242	$ (49)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	5.86%	5.82%	6.86%	5.47%
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%
Weighted-average assumptions used to determine net expense				
Discount rate	6.27%	6.23%	8.11%	6.77%
Expected return on plan assets	8.50%	7.74%	8.50%	N/A
Rate of compensation increase	5.00%	3.08%	1.87%	4.45%

U.S. pension plan service cost include administrative expenses of $138 million, $97 million, and $38 million for the years ended December 31, 2011 and 2010, and the period July 10, 2009 through December 31, 2009. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements.

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. The implementation of the HCT at October 31, 2011 eliminated significant exposure to changes in the healthcare cost trend rate for non-U.S. plans.

	Successor
	December 31, 2010
Assumed Healthcare Trend Rates	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%
Ultimate healthcare cost trend rate	3.4%
Number of years to ultimate trend rate	8

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	$ 31	$ 491
One percentage point decrease	$(25)	$(392)

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the complementary objectives of reaching fully funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In December 2011 an analysis of the investment policy was completed for the U.S. pension plans considering: (1) our overall balance sheet derisking strategy; (2) the plans are closed to new participants; and (3) the 2011 UAW negotiations did not increase pension benefits. Separate long-term strategies were developed for the salaried and hourly U.S. pension plans which represent 35% and 65% of total U.S. pension plans' assets. Using an approach which matches plan assets and liability cash flows to minimize risk of funded status volatility, the expected weighted-average return on assets was reduced from 8.0% at December 31, 2010 to 5.7% for the salaried pension plan and to 6.5% for the hourly pension plan. The resulting weighted-average return is 6.2% The overall decrease is primarily due to a different asset mix consisting of a higher proportion of fixed income investments compared to last year. The salaried pension plan has a higher target proportion of fixed income investments than the hourly pension plan and therefore, a lower expected return on assets than the hourly pension plan.

The expected return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans. The rates of 6.5% and 7.4% for the years ended December 31, 2011 and 2010 represent weighted-average rates of all of the funded non-U.S. plans.

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2011		December 31, 2010	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	14%	34%	29%	36%
Debt	66%	45%	41%	48%
Real estate	5%	9%	8%	9%
Other (a)	15%	12%	22%	7%
Total	100%	100%	100%	100%

(a) Includes private equity and absolute return strategies which primarily consist of hedge funds.

Investment in Trusts

The assets of the U.S. hourly and salaried pension plans are held by various master trusts and group trusts (collectively "Trusts"). The master trusts hold only GM sponsored pension plan assets. The group trusts permit the commingling of the assets of more than one employee benefit plan, including plans of unrelated sponsors. The plans that participate in the Trusts own an undivided beneficial interest in the underlying assets and changes therein of the respective Trusts. During 2011 certain assets held by several group trusts for the benefit of unrelated plan sponsors were liquidated which resulted in the beneficial interest in the remaining assets within these group trusts becoming solely owned by the GM sponsored pension plans. The residual beneficial interest of unrelated benefit plan sponsors in the other group trusts is not significant. The following fair value measurement tables reflect the underlying assets held by the Trusts for the benefit of our U.S. pension plans on a combined basis and exclude the remaining beneficial interest in the assets within the group trusts owned by unrelated benefit plan sponsors.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2011				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2011				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Cash equivalents and other short-term investments	$ —	$ 100	$ —	$ 100	$ —	$ 533	$ —	$ 533	$ 633
Common and preferred stocks (a)	11,134	78	46	11,258	2,109	2	—	2,111	13,369
Government and agency debt securities (b)	—	21,531	3	21,534	—	3,613	1	3,614	25,148
Corporate debt securities (c)	—	22,725	352	23,077	—	1,820	4	1,824	24,901
Agency mortgage and asset-backed securities	—	1,847	—	1,847	—	94	—	94	1,941
Non-agency mortgage and asset-backed securities	—	1,399	197	1,596	—	49	4	53	1,649
Group annuity contracts	—	—	3,209	3,209	—	—	—	—	3,209
Investment funds									
Equity funds	23	852	521	1,396	—	1,837	146	1,983	3,379
Fixed income funds	—	1,092	1,210	2,302	—	1,142	20	1,162	3,464
Funds of hedge funds	—	—	5,918	5,918	—	—	585	585	6,503
Global macro funds	—	266	4	270	—	—	236	236	506
Multi-strategy funds	24	949	2,123	3,096	—	24	—	24	3,120
Other investment funds (d)	—	335	143	478	—	—	11	11	489
Private equity and debt investments (e)	—	—	8,444	8,444	—	—	298	298	8,742
Real estate investments (f)	1,279	—	5,092	6,371	13	27	1,345	1,385	7,756
Other investments	—	—	—	—	—	—	428	428	428
Derivatives									
Interest rate contracts	138	4,180	9	4,327	4	—	—	4	4,331
Foreign currency exchange contracts	—	152	—	152	—	59	—	59	211
Equity contracts	61	15	—	76	17	—	—	17	93
Credit contracts	—	79	—	79	—	—	—	—	79
Total assets	12,659	55,600	27,271	95,530	2,143	9,200	3,078	14,421	109,951
Liabilities									
Agency mortgage and asset-backed securities (g)	—	(67)	—	(67)	—	—	—	—	(67)
Derivatives									
Interest rate contracts	(28)	(1,752)	(2)	(1,782)	(4)	—	—	(4)	(1,786)
Foreign currency exchange contracts	—	(75)	—	(75)	—	(46)	—	(46)	(121)
Equity contracts	(17)	(14)	—	(31)	(3)	—	—	(3)	(34)
Credit contracts	—	(29)	(6)	(35)	—	—	—	—	(35)
Total liabilities	(45)	(1,937)	(8)	(1,990)	(7)	(46)	—	(53)	(2,043)
Net plan assets subject to leveling	$12,614	$53,663	$27,263	93,540	$2,136	$9,154	$3,078	14,368	107,908
Other plan assets and liabilities (h)				809				173	982
Net Plan Assets				$94,349				$14,541	$108,890

	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Cash equivalents and other short-term investments	$ —	$ 6,855	$ —	$ 6,855	$ —	$ 717	$ —	$ 717	$ 7,572
Common and preferred stocks	6,755	788	64	7,607	2,781	13	—	2,794	10,401
Government and agency debt securities (b)	—	5,402	75	5,477	—	3,410	4	3,414	8,891
Corporate debt securities (c)	—	8,252	562	8,814	—	1,964	41	2,005	10,819
Agency mortgage and asset-backed securities	—	476	—	476	—	44	—	44	520
Non-agency mortgage and asset-backed securities	—	1,863	821	2,684	—	86	—	86	2,770
Group annuity contracts	—	—	3,115	3,115	—	—	—	—	3,115
Investment funds									
Equity funds	20	12,831	382	13,233	2	2,001	200	2,203	15,436
Fixed income funds	48	9,882	2,287	12,217	—	1,085	—	1,085	13,302
Funds of hedge funds	—	516	6,344	6,860	—	—	74	74	6,934
Global macro funds	—	111	4	115	—	—	255	255	370
Multi-strategy funds	—	4,624	3,546	8,170	—	34	—	34	8,204
Other investment funds (d)	—	150	186	336	—	—	103	103	439
Private equity and debt investments (e)	—	—	8,037	8,037	—	—	169	169	8,206
Real estate investments (f)	1,648	1	5,508	7,157	11	39	1,263	1,313	8,470
Other investments	—	—	—	—	—	104	281	385	385
Derivatives									
Interest rate contracts	—	1,251	—	1,251	—	—	—	—	1,251
Foreign currency exchange contracts	—	91	1	92	—	56	—	56	148
Equity contracts	73	3	20	96	—	19	—	19	115
Credit contracts	—	62	3	65	—	—	—	—	65
Total assets	8,544	53,158	30,955	92,657	2,794	9,572	2,390	14,756	107,413
Liabilities									
Common and preferred stocks (g)	(1,287)	(121)	—	(1,408)	—	—	—	—	(1,408)
Corporate debt securities (g)	—	—	(2)	(2)	—	—	—	—	(2)
Real estate investments (g)	(41)	—	—	(41)	—	—	—	—	(41)
Derivatives									
Interest rate contracts	(4)	(2,272)	(18)	(2,294)	—	—	—	—	(2,294)
Foreign currency exchange contracts	—	(146)	—	(146)	—	(45)	—	(45)	(191)
Equity contracts	(180)	(2)	(61)	(243)	—	(7)	—	(7)	(250)
Credit contracts	—	(21)	(4)	(25)	—	—	—	—	(25)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)	—	(52)	—	(52)	(4,211)
Net plan assets subject to leveling	$ 7,032	$50,596	$30,870	88,498	$2,794	$9,520	$2,390	14,704	103,202
Other plan assets and liabilities (h)				2,509				199	2,708
Net Plan Assets				$91,007				$14,903	$105,910

(a) Includes GM common stock of $1.2 billion within Level 1 of U.S. plan assets.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Primarily investments in alternative investment funds.

(e) Includes private equity investment funds.

(f) Includes investment funds and public real estate investment trusts.

(g) Primarily investments sold short.

(h) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following tables summarize the activity for U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Balance at December 31, 2011	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2011
Assets						
Common and preferred stocks	$ 64	$ (4)	$ (11)	$ (3)	$ 46	$ (53)
Government and agency debt securities	75	(9)	(63)	—	3	1
Corporate debt securities	562	(29)	(168)	(13)	352	(49)
Non-agency mortgage and asset-backed securities	821	(8)	(625)	9	197	(57)
Group annuity contracts	3,115	302	(208)	—	3,209	302
Investment funds						
Equity funds	382	(129)	268	—	521	(120)
Fixed income funds	2,287	40	(1,026)	(91)	1,210	124
Funds of hedge funds	6,344	(56)	(370)	—	5,918	(23)
Global macro funds	4	—	—	—	4	—
Multi-strategy funds	3,546	(100)	(1,297)	(26)	2,123	63
Other investment funds	186	(19)	(24)	—	143	(19)
Private equity and debt investments	8,037	839	(432)	—	8,444	(12)
Real estate investments	5,508	799	(1,215)	—	5,092	382
Total assets	30,931	1,626	(5,171)	(124)	27,262	539
Liabilities						
Corporate debt securities	(2)	—	—	2	—	—
Total liabilities	(2)	—	—	2	—	—
Derivatives, net						
Interest rate contracts	(18)	25	—	—	7	25
Foreign currency exchange contracts	1	—	(1)	—	—	—
Equity contracts	(41)	50	(9)	—	—	(1)
Credit contracts	(1)	(4)	(1)	—	(6)	(7)
Total net assets	$30,870	$1,697	$(5,182)	$(122)	$27,263	$ 556

	Balance at January 1, 2010	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2010	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 3	$ 4	$ 4	$ 64	$ 23
Government and agency debt securities	1,501	9	(112)	(1,323)	75	(8)
Corporate debt securities	1,747	51	(526)	(710)	562	56
Agency mortgage and asset-backed securities	6	—	(1)	(5)	—	—
Non-agency mortgage and asset-backed securities	1,520	144	(172)	(671)	821	393
Group annuity contracts	3,301	66	(252)	—	3,115	(95)
Investment funds						
Equity funds	576	15	7	(216)	382	(1)
Fixed income funds	6,488	230	(307)	(4,124)	2,287	136
Funds of hedge funds	4,435	428	1,520	(39)	6,344	103
Global macro funds	711	11	(606)	(112)	4	103
Multi-strategy funds	1,809	385	1,521	(169)	3,546	359
Other investment funds	456	(31)	(160)	(79)	186	(2)
Private equity and debt investments	6,940	1,168	(71)	—	8,037	578
Real estate investments	4,836	580	92	—	5,508	523
Total assets	34,379	3,059	937	(7,444)	30,931	2,168
Liabilities						
Common and preferred stocks	(2)	—	—	2	—	—
Corporate debt securities	(3)	—	—	1	(2)	—
Total liabilities	(5)	—	—	3	(2)	—
Derivatives, net						
Interest rate contracts	92	(18)	(2)	(90)	(18)	(18)
Foreign currency exchange contracts	—	—	1	—	1	—
Equity contracts	(15)	(16)	(10)	—	(41)	(16)
Credit contracts	35	(17)	(27)	8	(1)	(20)
Total net assets	$34,486	$3,008	$ 899	$(7,523)	$30,870	$2,114

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2011	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2011
Assets							
Government and agency debt securities	$ 4	$ —	$ —	$ (3)	$ —	$ 1	$ —
Corporate debt securities	41	—	(28)	(9)	—	4	—
Agency mortgage and asset-backed securities	—	—	—	—	—	—	—
Non-agency mortgage and asset-backed securities	—	—	(2)	6	—	4	—
Investment funds							
Equity funds	200	(32)	9	(29)	(2)	146	(33)
Fixed income funds	—	—	(5)	25	—	20	—
Funds of hedge funds	74	(4)	531	—	(16)	585	(4)
Global macro funds	255	(14)	—	—	(5)	236	(14)
Other investment funds	103	—	(94)	—	2	11	—
Private equity and debt investments	169	28	109	—	(8)	298	28
Real estate investments	1,263	203	(99)	—	(22)	1,345	203
Other investments	281	30	121	11	(15)	428	30
Total assets	$2,390	$211	$542	$ 1	$(66)	$3,078	$210

	Balance at January 1, 2010	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2010	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2010
Assets							
Government and agency debt securities	$ 65	$ (2)	$ (13)	$ (46)	$—	$ 4	$ 1
Corporate debt securities	109	2	(35)	(38)	3	41	2
Agency mortgage and asset-backed securities	7	—	—	(7)	—	—	—
Non-agency mortgage and asset-backed securities	16	(1)	(5)	(10)	—	—	10
Investment funds							
Equity funds	—	32	4	155	9	200	30
Funds of hedge funds	66	9	(4)	—	3	74	9
Global macro funds	—	31	—	212	12	255	31
Other investment funds	104	4	(4)	—	(1)	103	4
Private equity and debt investments	110	15	36	—	8	169	15
Real estate investments	1,042	57	123	7	34	1,263	57
Other investments	—	17	(9)	253	20	281	17
Total assets	$1,519	$164	$ 93	$526	$88	$2,390	$176

Transfers In and/or Out of Level 3

There were no significant transfers of U.S. plan assets into and/or out of Level 3 during the year ended December 31, 2011.

Significant transfers of U.S. plan assets out of Level 3 into Level 2 for the year ended December 31, 2010 included $1.3 billion, of government and agency debt securities, $0.7 billion of corporate debt securities, $0.7 billion of non-agency mortgage and asset-backed securities and $4.7 billion of investment funds. Except for investment funds, these transfers were the result of improved pricing transparency of these securities which allowed management to corroborate observable pricing inputs received from independent pricing services. Investment fund transfers were the result of management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interests at NAV in the near-term (generally within 90 days).

There were no significant transfers of non-U.S. plan assets into and /or out of Level 3 during the years ended December 31, 2011 and 2010.

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds include funds that invest in a portfolio of hedge funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Global macro funds include funds that enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies and physical commodities markets while minimizing downside risk. Global macro managers may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category employ single strategies such as event-driven or relative value.

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments are made to gain exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The pension plans' assets include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain plan assets represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts are used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of our derivatives at December 31, 2011 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006 (PPA), which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The Pension Relief Act of 2010 provides us with options to amortize any shortfall amortization base for U.S. qualified pension plans either (1) over seven years with amortization starting two years after the election of this relief or (2) over 15 years.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations. We have elected the 15-year amortization funding relief option for certain of our U.S. pension plans for the most recent pension funding valuation as of October 1, 2010. The election of the 15-year amortization option has enabled us to defer the funding requirements to future years. No election is required at this time for the plan year beginning October 1, 2011, and we plan to evaluate these options in the future for our U.S. qualified pension plans. We have no funding requirements for our U.S. qualified plans in 2012.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans (b)
2012	$ 8,514	$1,437	$ 419	$ 55
2013	$ 8,262	$1,441	$ 403	$ 58
2014	$ 8,065	$1,475	$ 367	$ 61
2015	$ 7,918	$1,505	$ 357	$ 65
2016	$ 7,645	$1,528	$ 350	$ 68
2017-2021	$35,435	$7,725	$1,678	$381

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the HCT, which releases us from certain CAW retiree healthcare claims incurred after October 31, 2011.

Note 19. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

In accordance with our risk management policy, we enter into a variety of foreign currency exchange rate and commodity derivative contracts in connection with the management of exposure to fluctuations in certain foreign currency exchange rates and commodity prices. At December 31, 2011 our derivative instruments consisted primarily of forward contracts and options.

At December 31, 2011 and 2010 no outstanding derivative contracts were designated in hedging relationships.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Certain of our agreements with counterparties require, under certain circumstances, that the counterparty post collateral with us for net asset positions. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. Collateral held from counterparties was insignificant and $74 million at December 31, 2011 and December 31, 2010.

At December 31, 2011 substantially all derivative counterparty exposures were with counterparties that were rated A- or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2011 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following tables summarize fair value measurements of our derivative instruments measured on a recurring basis (dollars in millions):

	Successor				
	December 31, 2011				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 6,507	$ 64	$ —	$ 46	$—
Commodity	2,566	9	—	10	5
Embedded	1,461	28	124	1	5
Total	$10,534	$101	$124	$ 57	$10

	Successor				
	December 31, 2010				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 5,910	$ 80	$ —	$113	$—
Commodity	2,501	93	—	—	—
Embedded	1,550	—	—	2	7
Warrants	11	—	44	—	—
Total	$ 9,972	$173	$ 44	$115	$ 7

(a) Recorded in Other current assets and deferred income taxes.

(b) Recorded in Other assets.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

	Successor			
	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency	$—	$64	$ —	$ 64
Commodity	—	9	—	9
Embedded	—	4	148	152
Total	$—	$77	$148	$225
Liabilities				
Foreign currency	$—	$46	$ —	$ 46
Commodity	—	5	10	15
Embedded	—	6	—	6
Total	$—	$57	$ 10	$ 67

	Successor			
	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency	$—	$ 80	$—	$ 80
Commodity	—	93	—	93
Warrants	—	44	—	44
Total	$—	$217	$—	$217
Liabilities				
Foreign currency	$—	$113	$—	$113
Embedded	—	9	—	9
Total	$—	$122	$—	$122

At December 31, 2011 and 2010, our non-performance risk was not observable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represented a significant input in the determination of the fair value of our foreign currency exchange derivatives. The effect of our non-performance risk in the valuation was reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

Fair Value Measurements on a Recurring Basis using Level 3 Inputs

The following table summarizes the activity for our derivative investments classified in Level 3 (dollars in millions):

	Successor			
	Level 3 Net Assets and (Liabilities) (a)			
	Year Ended December 31, 2011			Year Ended December 31, 2010
	Embedded	Commodity	Total	Foreign Currency
Balance at beginning of period	$ —	$ —	$ —	$(672)
Total realized/unrealized gains (losses)				
Included in earnings	160	(10)	150	103
Included in other comprehensive income (loss)	(10)	—	(10)	(10)
Settlements	(2)	—	(2)	
Purchases, issuances and settlements	—	—	—	394
Transfer in and/or out of Level 3	—	—	—	185
Balance at end of period	$148	$(10)	$138	$ —
Amount of total gains (losses) in the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$157	$(10)	$147	$ —

(a) Realized and unrealized gains (losses) are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in earnings (dollars in millions):

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency			
Interest income and other non-operating income, net	$ (30)	$ 82	$279
Interest Rate Swap			
Automotive interest expense	—	—	(1)
Commodity			
Interest income and other non-operating income, net	(98)	(25)	—
Embedded			
Interest income and other non-operating income, net	165	(8)	—
Warrants			
Interest income and other non-operating income, net	4	19	—
Total gains (losses) recorded in earnings	$ 41	$ 68	$278

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was an asset of $148 million at December 31, 2011 and insignificant at December 31, 2010.

In connection with our investment in New Delphi, which we accounted for using the equity method, we recorded our share of New Delphi's other comprehensive income (loss) in Accumulated other comprehensive income. In the three months ended March 31, 2011 we recorded cash flow hedging gains of $13 million; and in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses. In March 2011 we sold our interests in New Delphi. As a result previously recorded cash flow hedging losses of $10 million in Accumulated other comprehensive income were reclassified to earnings and recorded in the gain on sale of New Delphi. Refer to Note 4 for additional information on the sale of New Delphi.

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

We entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Interest income and other non-operating income, net, as these contracts do not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging" (ASC 815).

Automotive Financing — GM Financial

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the years ended December 31, 2011 and 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Notional	Fair Value	Notional	Fair Value
Assets (a)				
Interest rate swaps	$ 509	$ 2	$1,227	$23
Interest rate caps	1,513	5	946	8
Total	$2,022	$ 7	$2,173	$31
Liabilities (b)				
Interest rate swaps	$ 509	$ 6	$1,227	$47
Interest rate caps	1,471	5	832	8
Foreign currency exchange derivatives	—	—	49	2
Total	$1,980	$11	$2,108	$57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

The following tables summarize fair value measurements of GM Financial's derivative instruments measured on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis			
	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate swaps	$—	$—	$ 2	$ 2
Interest rate caps	—	5	—	5
Total	$—	$ 5	$ 2	$ 7
Liabilities				
Interest rate swaps	$—	$—	$ 6	$ 6
Interest rate caps	—	5	—	5
Total	$—	$ 5	$ 6	$11

	Successor			
	Fair Value Measurements on a Recurring Basis			
	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate swaps	$—	$—	$23	$23
Interest rate caps	—	8	—	8
Total	$—	$ 8	$23	$31
Liabilities				
Interest rate swaps	$—	$—	$47	$47
Interest rate caps	—	8	—	8
Foreign currency contracts	—	2	—	2
Total	$—	$10	$47	$57

Fair Value Measurements on a Recurring Basis using Level 3 Inputs

The following table summarizes the activity for GM Financial's derivative instruments classified in Level 3 (dollars in millions):

	Successor			
	Interest Rate Swap Derivatives			
	Year Ended December 31, 2011		October 1, 2010 Through December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Balance at beginning of period	$ 23	$(47)	$27	$(61)
Transfers in and/or out of Level 3	—	—	—	—
Total realized/unrealized gains (losses)				
Included in earnings	(2)	1	1	(1)
Included in other comprehensive income (loss)	—	—	—	—
Settlements	(19)	40	(5)	15
Balance at end of period	$ 2	$ (6)	$23	$(47)

Credit Risk Related Contingent Features

Under the terms of the derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. At December 31, 2011 and 2010 these restricted cash accounts totaled $36 million and $33 million and were recorded in GM Financial Restricted cash.

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales and revenue, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk. In the period January 1, 2009 through July 9, 2009, Old GM recorded gains of $91 million related to derivatives originally entered into to hedge exposures that subsequently became probable not to occur. These gains were recorded to Interest income and other non-operating income, net.

Gains (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in earnings (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Foreign Currency	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap	
Automotive interest expense	(38)
Commodity	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Net losses recorded in earnings	$(1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were canceled.

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks.

The following table summarizes financial statement classification and amounts of gains (losses) that were reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Automotive sales	$(351)
Automotive cost of sales	19
Reorganization gains, net	247
Net losses reclassified from Accumulated other comprehensive income (loss)	$ (85)

The following table summarizes financial statement classification and amounts of gains (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Automotive sales	$(182)
Reorganization gains, net	247
Net gains reclassified from Accumulated other comprehensive income (loss)	$ 65

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Beginning net unrealized loss on derivatives	$(490)
Reclassification to earnings	99
Ending net unrealized loss on derivatives	$(391)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815. Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 20. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating leases	$—	$ 26	$ 7	$ 59
Ally Financial commercial loans	$—	$ 24	$—	$ 17
Supplier commitments, third party commercial loans and other obligations	$ 7	$210	$—	$119
Other product-related claims	$53	$838	$50	$841

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

	Successor	
	December 31, 2011	December 31, 2010
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 123	$ 167
Deferred revenue (c)	$ 345	$ 408
Environmental liability (d)	$ 169	$ 195
Product liability	$ 514	$ 365
Other litigation-related liability and tax administrative matters (e)	$1,196	$1,471

(a) At December 31, 2011 and 2010 qualified cardholders had rebates available, net of deferred program revenue, of $2.3 billion and $2.8 billion.

(b) Recorded in Accrued liabilities.

(c) Recorded in Other liabilities and deferred income taxes. At December 31, 2011 and 2010 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $34 million and $45 million recorded in Accrued liabilities at December 31, 2011 and 2010, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of indirect tax-related litigation as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2016 to 2035. Certain leases contain renewal options.

We provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in 2029 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third parties. Refer to Note 28 for additional information on guarantees that we provide to Ally Financial.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2012 or are ongoing, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. At December 31, 2011 any proceeds we would receive from collateral were insignificant.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2026.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Recorded liabilities are not reduced for possible recoveries from insurance carriers or other parties. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2011 we estimate the remediation losses could range from $140 million to $310 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters 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; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as various non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $530 million to $730 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2011. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Korea, our non-wholly owned consolidated subsidiary, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Although GM Korea intends to vigorously defend the claims asserted, at December 31, 2011 we have an accrual of 130 billion Korean Won (equivalent to $113 million) in connection with these cases. The current estimate of the value of plaintiffs' claims, if allowed in full, exceeds the accrual by 604 billion Korean Won (equivalent to $523 million) which represents the reasonably possible liability exposure. Both the scope of claims asserted and GM Korea's assessment of any or all of individual claim elements may change.

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009, in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network

and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" CAD $750 million, without explanation of any specific measure of damages. On March 1, 2011 the Court approved certification of a class for the purpose of deciding a number of specifically defined issues, including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On June 22, 2011 the court granted GMCL permission to appeal the class certification decision. The current prospects for liability are uncertain, but because liability is not deemed probable, we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability, as the case presents a variety of different legal theories, none of which GMCL believes are valid.

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the New VEBA. The UAW alleges that we were contractually required to make this contribution. The reasonably possible loss as defined by ASC 450 "Contingencies" is $450 million, which is the amount claimed, but we believe that the claim is without merit and we have no accrual relating to this litigation. We filed a motion in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court) asserting that the UAW's claim is barred by the Bankruptcy Court approved 2009 UAW Retiree Settlement Agreement and by other orders issued by the Bankruptcy Court that preclude additional GM contributions to the New VEBA. We also maintain that Delphi's bankruptcy plan of reorganization did not fulfill the applicable conditions of the relevant agreement and therefore payment would not be due even in the absence of the 2009 UAW Retiree Settlement Agreement. On August 23, 2011, the Bankruptcy Court issued an opinion abstaining from hearing the case, which will accordingly be litigated in Federal Court in U.S. District Court for the Eastern District of Michigan.

Liability Related to Contingently Issuable Shares

Under the Amended and Restated Master Sale and Purchase Agreement, as amended between us and Old GM and certain of its direct and indirect subsidiaries, we were obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. Following the dissolution of MLC on December 15, 2011, any Adjustment Shares we are obligated to issue will be issuable to the GUC Trust. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. At December 31, 2011 and 2010 we concluded it was not probable that general unsecured claims would exceed $35.0 billion. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives, we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $209 million and $193 million at December 31, 2011 and 2010 was pledged as collateral under the agreement. Through December 31, 2011 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2011 and 2010 accruals for asset retirement obligations were $99 million and $103 million.

Contract Cancellations

The following table summarizes contract cancellation charges primarily related to the cancellation of product programs (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$38	$30	$80	$157
GME	8	3	—	12
GMIO	43	—	2	8
GMSA	4	—	—	—
Total contract cancellations	$93	$33	$82	$177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2012	2013	2014	2015	2016	2017 and after
Minimum commitments (a)	$422	$325	$252	$207	$169	$ 682
Sublease income	(59)	(58)	(53)	(47)	(45)	(314)
Net minimum commitments	$363	$267	$199	$160	$124	$ 368

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

The following table summarizes our rental expense under operating leases (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Rental expense under operating leases	$556	$604	$255	$369

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi, and Old GM entered into the Delphi Benefit Guarantee Agreements (DBGA) with the UAW, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers – Communication Workers of America (IUE-CWA) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The DBGA provided that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the DBGA, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the U.S. Bankruptcy Code (Bankruptcy Code).

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements intended to: (1) resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings; (2) govern certain aspects of Old GM's ongoing commercial relationship with Delphi; and (3) address a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Delphi-GM Settlement Agreements.

The Amended Delphi-GM Settlement Agreements included Old GM's commitments to reimburse Delphi for certain: (1) employee benefit related costs, including OPEB and pension cost; (2) employee termination related costs; (3) ongoing labor costs; and (4) production and other facilitation related costs. In addition, Old GM committed to transfers, subject to certain conditions, of net liabilities from the Delphi Hourly Rate Plan to Old GM's U.S. hourly pension plan.

In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective. As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion to Delphi in the period January 1, 2009 through July 9, 2009 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, we settled and terminated commitments with limited exceptions under the Delphi-GM Settlement Agreements, and we and Delphi waived all claims against each other under the Delphi-GM Settlement Agreements.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the DBGA with these unions. The agreement was approved by the Bankruptcy Court in November 2009.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 4. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA that we continue to maintain.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Other automotive expenses, net	$ 8	$184
Automotive cost of sales	193	142
Reorganization gains, net	—	662
Total Delphi charges	$201	$988

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the DBGA, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 4 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

Note 21. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. income (loss)	$2,883	$2,648	$(6,647)	$105,420
Non-U.S. income	3,102	3,089	1,364	2,356
Income (loss) before income taxes and equity income	$5,985	$5,737	$(5,283)	$107,776

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Current income tax expense (benefit)				
U.S. federal	$(134)	$ (10)	$ 7	$ (60)
Non-U.S.	275	441	421	(522)
U.S. state and local	58	(1)	(1)	16
Total current	199	430	427	(566)
Deferred income tax expense (benefit)				
U.S. federal	8	(25)	(1,204)	110
Non-U.S.	(289)	259	(52)	(716)
U.S. state and local	(28)	8	(171)	6
Total deferred	(309)	242	(1,427)	(600)
Total income tax expense (benefit)	$(110)	$672	$(1,000)	$(1,166)

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $6.2 billion and $6.9 billion at December 31, 2011 and 2010. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested earnings is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Tax at U.S. federal statutory income tax rate	$ 2,094	$ 2,008	$(1,849)	$ 37,721
State and local tax expense	215	334	(559)	(260)
Foreign income taxed at other than 35%	243	1,579	64	(119)
Taxes on unremitted earnings of subsidiaries	(537)	(10)	(151)	(12)
Change in valuation allowance	(2,386)	(2,903)	1,338	6,609
Change in tax laws	(33)	—	163	1
Research and development incentives	(45)	(235)	(14)	(113)
Gain on sale of Delphi equity interests	599	—	—	—
Goodwill impairment	377	—	—	—
Settlements of prior year tax matters	(56)	(170)	—	—
VEBA contribution	(476)	—	(328)	—
Non-taxable reorganization gain	—	—	—	(45,564)
Foreign currency remeasurement	59	143	340	207
Pension contribution	(127)	—	—	—
Other adjustments	(37)	(74)	(4)	364
Total income tax expense (benefit)	$ (110)	$ 672	$(1,000)	$ (1,166)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2011 and 2010 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,672	$ 3,884
Pension and other employee benefit plans	8,357	7,127
Warranties, dealer and customer allowances, claims and discounts	4,015	4,276
Property, plants and equipment	1,547	2,275
Capitalized research expenditures	5,152	5,033
Tax carryforwards	21,199	20,109
Miscellaneous U.S.	3,017	2,387
Miscellaneous non-U.S.	243	357
Total deferred tax assets before valuation allowances	47,202	45,448
Less: valuation allowances	(45,191)	(42,979)
Net deferred tax assets	2,011	2,469
Deferred tax liabilities		
Intangible assets	1,933	2,609
Total deferred tax liabilities	1,933	2,609
Net deferred tax assets (liabilities)	$ 78	$ (140)

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current deferred tax assets	$ 525	$ 782
Current deferred tax liabilities	(48)	(23)
Non-current deferred tax assets	514	308
Non-current deferred tax liabilities	(913)	(1,207)
Net deferred tax assets (liabilities)	$ 78	$ (140)

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2011 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2012-2030	$11,220
Non-U.S. loss and tax credit carryforwards	Indefinite	1,058
Non-U.S. loss and tax credit carryforwards	2012-2031	4,118
U.S. alternative minimum tax credit	Indefinite	669
U.S. general business credits (a)	2017-2031	1,908
U.S. foreign tax credits	2012-2021	2,226
Total loss and tax credit carryforwards		$21,199

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$42,979	$45,281	$42,666	$ 59,777
Additions (Reversals)				
U.S.	2,411	(2,196)	2,226	(14,474)
Canada	(158)	63	405	(802)
Germany	1	(139)	67	(792)
Spain	463	378	(40)	(200)
Brazil	(1)	1	1	(442)
South Korea	27	(121)	(221)	321
Australia	(498)	(39)	7	190
U.K.	141	(121)	109	62
Sweden	6	(58)	33	(1,057)
Other	(180)	(70)	28	83
Ending balance	$45,191	$42,979	$45,281	$ 42,666

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by MLC, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. In the year ended December 31, 2011 we recorded an adjustment to the debt cancellation income that resulted from the 363 Sale. The adjustment resulted in a $2.1 billion increase in valuation allowances related to U.S. Federal and state tax attributes.

We and Old GM established or released the following significant valuation allowances as a result of a change in our evaluation of deferred tax asset realizability (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Established (released) by jurisdiction				
Brazil	$ —	$—	$—	$(465)
Various non-U.S.	$ —	$—	$—	$(286)
Australia	$(502)	$—	$—	$ —

Old GM accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing this objective and verifiable negative evidence with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we have a short history as a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due primarily to historical pre-tax losses, at December 31, 2011 we determined it was still more likely than not the deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, South Korea, Germany, Spain and the United Kingdom. If additional positive evidence becomes available our conclusion regarding the need for full valuation allowances in these jurisdictions could change, resulting in the reversal of some or all of the valuation allowances.

At December 31, 2011 we determined in Australia it was more likely than not we would realize deferred tax assets in the future due primarily to sustained profitability and projected taxable income in an unlimited carryforward jurisdiction; accordingly, we reversed the valuation allowance in this jurisdiction.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Gross unrecognized tax benefits before valuation allowances	$2,370	$5,169
Amount of unrecognized tax benefit that would favorably affect effective tax rate in future	$ 326	$ 785
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$1,285	$3,605

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 5,169	$5,410	$4,096	$2,803
Additions to current year tax positions	129	195	1,454	1,493
Additions to prior years' tax positions	562	803	22	594
Reductions to current year tax positions	—	—	(44)	(25)
Reductions to prior years' tax positions	(1,002)	(475)	(128)	(626)
Reductions in tax positions due to lapse of statutory limitations	(64)	(18)	—	(281)
Settlements	(2,399)	(761)	(111)	(16)
Other	(25)	15	121	154
Ending balance	$ 2,370	$5,169	$5,410	$4,096

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income	$ 7	$13	$—	$249
Interest expense (benefit) (a)	$(113)	$20	$30	$ (31)
Penalties (a)	$ (25)	$ 1	$—	$ 30

(a) The interest and penalty benefit for the year ended December 31, 2011 is due primarily to remeasurements, settlements and statute expirations.

	Successor	
	December 31, 2011	December 31, 2010
Accrued interest payable	$103	$250
Accrued penalties	$ 89	$119

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382 of the Internal Revenue Code. On November 1, 2010 we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany. In Australia, we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns for 2007 and 2008 were audited by the Internal Revenue Service and the review was substantially concluded in the year ended December 31, 2011. Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We

have open tax years from 2002 to 2011 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 tax years was concluded and an assessment of $146 million including tax, interest and penalties was issued. We believe we have adequate reserves established. Collection of any assessment will be suspended until a revised assessment is issued and during any subsequent proceedings through U.S. and Mexican competent authorities. We expect a revised assessment to be issued no earlier than March 2012.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010 this resolution resulted in a tax benefit of $140 million including interest.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which have full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

At December 31, 2011 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 22. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

GM

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009 (a)	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	1,135	664	3	—	1,802
Additions	82	344	—	80	506
Interest accretion and other	22	105	—	1	128
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	$ 884	$ 687	$ 1	$ 12	$ 1,584

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

Our labor agreement includes cash severance incentive programs which may range up to $100 million through March 31, 2012 for skilled trade U.S. hourly employees that will be included in our restructuring liability upon irrevocable acceptances by both parties.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility. We expect to incur an additional $100 million to complete these programs, which will affect an additional 500 employees. To the extent these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is recorded at the communication date.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million. Liabilities were recorded as offers to the employees were irrevocably accepted.

Year Ended December 31, 2010

GMNA recorded charges, interest accretion and other, and revisions to estimates primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affected 2,600 employees.
- Separation charges of $63 million related to separation/layoff plans and an early retirement plan in Spain which ultimately affected 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program in Germany.

Period July 10, 2009 through December 31, 2009

GMNA recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.
- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges of $72 million for restructuring programs in Australia for salaried and hourly employees.

Old GM

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2009	$ 2,456	$468	$ 45	$ 13	$ 2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting (a)	$ 2,905	$433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits for GMNA, primarily relate to postemployment benefits to be paid.

GMNA recorded charges, interest accretion and other, and revisions to estimates for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 special attrition programs.

- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.

- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 special attrition programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.

- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.

- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program.

GME recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

Dealer Wind-downs

GM and Old GM

We market vehicles worldwide through a network of independent retail dealers and distributors. We determined that a reduction in the number of GMNA dealerships was necessary.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements (dollars in millions):

	Successor			Predecessor
	December 31, 2011	December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Balance at beginning of period	$ 144	$ 501	$ 516	$ —
Additions and revisions to estimates	(8)	7	275	518
Payments	(111)	(366)	(285)	(2)
Transfer to legal reserve	—	—	(17)	—
Effect of foreign currency	—	2	12	—
Balance at end of period	$ 25	$ 144	$ 501	$516

Note 23. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Operating and other expenses (income)	$56	$ (7)	$(35)	$ 22
Expenses related to Saab deconsolidation, net (Note 4)	—	—	(60)	824
Saab impairment charges	—	—	—	88
Delphi related charges (Note 20)	—	—	8	184
Depreciation and amortization expense	2	125	89	101
Interest expense	—	—	13	16
Total other automotive expenses, net	$58	$118	$ 15	$1,235

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 24. Interest Income and Other Non-Operating Income, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income	$455	$ 465	$ 184	$183
Net gains on derivatives	41	68	278	—
Rental income	149	164	88	100
Dividends and royalties	153	213	105	145
Other (a)	53	621	(280)	424
Total interest income and other non-operating income, net	$851	$1,531	$ 375	$852

(a) Amounts in the year ended December 31, 2011 include impairment charges related to the cost method investment in Ally Financial of $555 million, a gain on the sale of Ally Financial preferred shares of $339 million, and recognition of deferred income from technology agreements with SGMW of $113 million. Amounts in the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts in the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million.

Note 25. Stockholders' Equity and Noncontrolling Interests

Consolidated

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

			Successor		
			Dividends Paid		
	Liquidation Preference Per Share	Dividend Rate Per Annum	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Series A Preferred Stock	$25.00	9.00%	$621	$810	$349
Series B Preferred Stock	$50.00	4.75%	$243	$ —	

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A

Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A Preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock.

Series B Preferred Stock

The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 into shares of our common stock. The number of shares of our common stock issuable upon mandatory conversion of each share of Series B Preferred Stock, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a range of $33.00-$39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the liquidation preference plus accumulated dividends. If the applicable market value is not within this range, there is a fixed conversion ratio equaling 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60, and 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stockholder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required when the applicable market value of our common stock is below $33.00 or above $39.60 per share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our financial statements. The calculation of the applicable market value at the date of our financial statements will apply to the full year, irrespective of the applicable market value computed during the prior quarters of the current year. Refer to Note 26 for a description of the effect of the two-class method on earnings per share.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of

holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding. In the year ended December 31, 2011 we issued 61 million shares of common stock to the U.S. hourly and salaried pension plans, four million shares for exercised warrants, and 500 thousand shares for the settlement of salary and other restricted stock awards. In the year ended December 31, 2010 we issued 100 thousand shares of restricted common stock.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have been substantially distributed to creditors of Old GM by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. In April 2011 MLC began distribution of its warrants for our common stock to its unsecured creditors. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The New VEBA warrants are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants at December 31, 2011 and 2010 is 313 million and 318 million.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Korea for $417 million. As a result of the participation in the equity rights offering our ownership interest in GM Korea increased from 50.9% to 70.1%. In March 2011 we completed the acquisition of an additional 6.9% in GM Korea. After completing this transaction we now own 77.0% of the outstanding shares.

In December 2009 we acquired the remaining noncontrolling interest of a joint venture for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net income (loss) attributable to common stockholders and transfers from (to) noncontrolling interests changes (dollars in millions):

	Successor	
	For The Year Ended December 31, 2011	**July 10, 2009 Through December 31, 2009**
Net income (loss) attributable to common stockholders	$7,585	$(4,428)
Increase in capital surplus resulting from GM Korea equity rights offering	—	108
Increase in capital surplus resulting from acquisition of additional interest in GM Korea	41	—
Changes from net income (loss) attributable to common stockholders and transfers from (to) noncontrolling interests	$7,626	$(4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		
	December 31, 2011	December 31, 2010	December 31, 2009
Foreign currency translation gain	$ 215	$ 394	$ 157
Cash flow hedging gains (losses), net	2	(23)	(1)
Net unrealized gain (loss) on securities	(4)	(5)	2
Defined benefit plans, net	(6,074)	885	1,430
Accumulated other comprehensive income (loss)	$(5,861)	$1,251	$1,588

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ (186)	$ —	$ (186)	$ 210	$—	$ 210
Cash flow hedging gain (losses), net	15	—	15	(22)	—	(22)
Unrealized gain (loss) on securities	1	—	1	(7)	—	(7)
Defined benefit plans						
Prior service benefit from plan amendments	302	1	301	7	1	6
Less: amortization of prior service cost included in net periodic benefit cost	(52)	—	(52)	(12)	—	(12)
Net prior service benefit (cost)	250	1	249	(5)	1	(6)
Actuarial gain (loss) from plan measurements	(7,578)	(10)	(7,568)	(530)	34	(564)
Less: amortization of actuarial loss included in net periodic benefit cost (a)	421	5	416	25	—	25
Net actuarial amounts	(7,157)	(5)	(7,152)	(505)	34	(539)
Defined benefit plans, net	(6,907)	(4)	(6,903)	(510)	35	(545)
Sale of interest in nonconsolidated affiliate	(42)	—	(42)	—	—	—
Other comprehensive income (loss)	(7,119)	(4)	(7,115)	(329)	35	(364)
Less: other comprehensive loss attributable to noncontrolling interests	(10)	—	(10)	(13)	—	(13)
Other comprehensive income (loss) attributable to common stockholders	$(7,109)	$ (4)	$(7,105)	$(316)	$35	$(351)

(a) Includes the Canadian healthcare trust settlement. Refer to Note 18.

	Successor			Predecessor		
	July 10, 2009 Through December 31, 2009			January 1, 2009 Through July 9, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 135	$ 11	$ 124	$ 187	$ 40	$ 147
Cash flow hedging gains (losses), net	(1)	—	(1)	145	(131)	276
Unrealized gain on securities	7	5	2	46	—	46
Defined benefit plans						
Prior service benefit (cost) from plan amendments	112	130	(18)	(3,882)	(1,551)	(2,331)
Less: amortization of prior service cost included in net periodic benefit cost	—	—	—	5,162	3	5,159
Net prior service benefit (cost)	112	130	(18)	1,280	(1,548)	2,828
Actuarial loss from plan measurements	2,702	1,247	1,455	(2,574)	1,532	(4,106)
Less: amortization of actuarial loss included in net periodic benefit cost	(6)	1	(7)	(2,109)	22	(2,131)
Net actuarial amounts	2,696	1,248	1,448	(4,683)	1,554	(6,237)
Net transition assets from plan initiations	—	—	—	6	1	5
Less: amortization of transition asset/obligation included in net periodic benefit cost	—	—	—	(5)	(1)	(4)
Net transition amounts	—	—	—	1	—	1
Defined benefit plans, net	2,808	1,378	1,430	(3,402)	6	(3,408)
Other comprehensive income (loss)	2,949	1,394	1,555	(3,024)	(85)	(2,939)
Less: other comprehensive income (loss) attributable to noncontrolling interests	(33)	—	(33)	92	—	92
Other comprehensive income (loss) attributable to common stockholders	$2,982	$1,394	$1,588	$(3,116)	$ (85)	$(3,031)

Note 26. Earnings (Loss) Per Share

In the year ended December 31, 2011 we were required to use the two-class method for calculating earnings per share, as further discussed below, as the applicable market value of our common stock was below $33.00 per common share in the period ended December 31, 2011.

Basic and diluted earnings (loss) per share are computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share is computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and dilutive earnings (loss) per share (in millions, except for per share amounts):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Basic earnings (loss) per share				
Net income (loss) attributable to stockholders (a)	$9,190	$6,172	$(4,297)	$109,118
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (b)	1,605	1,504	131	—
Net income (loss) attributable to common stockholders	$7,585	$4,668	$(4,428)	$109,118
Weighted-average common shares outstanding — basic	1,536	1,500	1,238	611
Basic earnings (loss) per share	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Diluted earnings (loss) per share				
Net income (loss) attributable to stockholders (a)	$9,190	$6,172	$(4,297)	$109,118
Add: preferred dividends to holders of Series B Preferred Stock	—	25	—	—
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (c)	1,552	1,504	131	—
Net income (loss) attributable to common stockholders	$7,638	$4,693	$(4,428)	$109,118
Weighted-average shares outstanding — diluted				
Weighted-average common shares outstanding — basic	1,536	1,500	1,238	611
Dilutive effect of warrants	130	106	—	—
Dilutive effect of conversion of Series B Preferred Stock	—	17	—	—
Dilutive effect of restricted stock units (RSUs)	2	1	—	—
Weighted-average common shares outstanding — diluted	1,668	1,624	1,238	611
Diluted earnings (loss) per share	$ 4.58	$ 2.89	$ (3.58)	$ 178.55

(a) Includes earned but undeclared dividends of $26 million, $26 million and $34 million on our Series A Preferred Stock and $20 million, $25 million and $0 on our Series B Preferred Stock in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009.

(b) Includes cumulative dividends on preferred stock of $859 million and earnings of $746 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010; and cumulative dividends on preferred stock of $131 million in the period July 10, 2009 through December 31, 2009, which excludes dividends of $252 million which were paid to the New VEBA prior to December 31, 2009, as these shares were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement. Payments made to the New VEBA were recorded as employer contributions and included in Net income (loss) attributable to stockholders.

(c) Includes cumulative dividends on preferred stock of $859 million and earnings of $693 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010; and cumulative dividends on preferred stock of $131 million in the period July 10, 2009 through December 31, 2009.

GM

Year Ended December 31, 2011

We applied the two-class method to calculate basic earnings per share and the more dilutive of the two-class or the if-converted method to calculate diluted earnings per share. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. Variability may result in our calculation of earnings per share from period to period depending on whether the application of the two-class method is required. Refer to Note 25 for a description of the Series B Preferred Stock and the application of the two-class method.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share.

MLC distributed all of its 272 million warrants for our common stock to its unsecured creditors and the GUC Trust. The warrant holders may exercise the warrants at any time prior to their respective expiration dates. Upon exercise of the warrants the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share.

Warrants to purchase 313 million shares of our common stock were outstanding at December 31, 2011, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining warrants resulted in 130 million dilutive shares.

Diluted earnings per share included the effect of 13 million unvested RSUs granted to certain global executives. The Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

In July 2011 the 61 million shares of common stock contributed to our pension plans in January 2011 met the criteria to qualify as plan assets for accounting purposes. These shares were considered outstanding for earnings per share purposes beginning in July 2011.

Year Ended December 31, 2010

Warrants to purchase 318 million shares of our common stock were outstanding, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of our common stock. Under the treasury stock method, the assumed exercise of warrants to purchase the remaining warrants resulted in 106 million dilutive shares.

Diluted earnings per share included the effect of 11 million unvested RSUs granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. The Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

Period July 10, 2009 through December 31, 2009

Outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and 1 million RSUs were excluded from the computation of diluted loss per share as these awards were payable in cash during that time. The Adjustment Shares were excluded from the computation of basic and diluted loss per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

Old GM

Period January 1, 2009 through July 9, 2009

Diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares. No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures were included in the computation of diluted earnings per share as the conversion options in various series of convertible debentures were not in the money.

Note 27. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 5 million and 15 million RSUs valued at the grant date fair value of our common stock in the years ended December 31, 2011 and 2010 and no RSUs in the period July 10, 2009 through December 31, 2009. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. We have elected to record compensation cost for these awards on a straight-line basis over the entire vesting period. Our policy is to issue new shares upon settlement of RSUs.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2010 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our TARP obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-Top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the settlement date. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Salary Stock

In November 2009 we initiated a salary stock program whereby a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In the years ended December 31, 2011 and 2010 a portion of each

participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. The awards are fully vested and nonforfeitable upon grant therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Our policy is to issue new shares upon settlement of these awards.

RSUs

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. In November 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The following table summarizes information about our RSUs under the 2009 GMLTIP and GMSSP (RSUs in millions):

	Successor		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at December 31, 2010	17.2	$19.03	1.8
Granted	7.6	$31.18	
Settled	(1.2)	$18.85	
Forfeited or expired	(1.1)	$22.01	
RSUs outstanding at December 31, 2011	22.5	$23.01	1.1
RSUs unvested and expected to vest at December 31, 2011	14.0	$23.47	1.5
RSUs vested and payable at December 31, 2011	8.1	$22.07	—
RSUs granted in the year ended December 31, 2010		$19.17	
RSUs granted in the period July 10, 2009 through December 31, 2009		$16.39	

We recorded compensation expense of $233 million, $235 million and $23 million for our stock incentive plans in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009. The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

At December 31, 2011 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $263 million. This expense is expected to be recorded over a weighted-average period of 1.5 years.

The total fair value of RSUs vested was $105 million, $78 million and $19 million in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based RSUs. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

Note 28. Transactions with Ally Financial

Automotive

The following tables summarize the financial statement effects of and maximum obligations under agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Residual support (a)		
Liabilities (receivables) recorded	$ (6)	$ (24)
Maximum obligation	$ 40	$ 523
Risk sharing (a)		
Liabilities recorded	$ 66	$ 269
Maximum obligation	$ 88	$ 692
Vehicle repurchase obligations (b)		
Maximum obligations	$19,779	$18,807
Fair value of guarantee	$ 17	$ 21

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into after December 31, 2008 have not included residual support or risk sharing programs. In the years ended December 31, 2011 and 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.5 billion and $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

(b) The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold.

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. marketing incentives and operating lease residual payments	$1,428	$1,111	$695	$601
Exclusivity fee income	$ 76	$ 99	$ 47	$ 52

Marketing Incentives and Operating Lease Residuals

Under an interest rate support program, we pay an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. The amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. We reimburse Ally Financial to the extent sales proceeds are less than the customer's contract residual value, limited to Ally Financial's standard residual value. The residual support amount owed is calculated at contract termination and, in cases where the amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent remarketing proceeds are below Ally Financial's standard residual value (limited to a floor).

Under a capitalized cost reduction program, we pay an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. Ally Financial waives the customer's remaining payment obligation under their current lease and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit.

Exclusivity Arrangements

We have entered into exclusivity agreements with Ally Financial whereby: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and after such two-year period beginning in January 2011 any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive basis, or if Ally Financial matches the rates offered by such third party on a side-by-side basis with Ally Financial; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Contractual Exposure Limit

We have an agreement with Ally Financial that limits certain unsecured obligations arising from service agreements to Ally Financial to $1.5 billion and limits the sum of maximum unsecured exposure and maximum secured exposure to the greater of $3.0 billion or 15% of Ally Financial's capital from and after December 30, 2010.

Vehicle Repurchase Obligations

Our agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ends in August 2012 for vehicles invoiced through August 2011 and ends in August 2013 for vehicles invoiced through August 2012.

The maximum potential amount of future payments under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Assets		
Accounts and notes receivable, net (a)	$ 243	$ 290
Other assets (b)		$ 26
Liabilities		
Accounts payable (c)	$ 59	$ 168
Short-term debt and current portion of long-term debt (d)	$1,068	$1,043
Accrued liabilities and other liabilities (e)	$ 650	$1,167
Long-term debt (f)	$ 8	$ 43
Other non-current liabilities (g)	$ 35	$ 84

(a) Represents wholesale settlements due from Ally Financial and receivables for exclusivity fees and royalties.

(b) Represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(c) Represents amounts billed to us and payable related to incentive programs.

(d) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest.

(e) Represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and amounts owed under lease pull-ahead programs.

(f) Represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(g) Represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue (decrease) (a)	$(1,468)	$(1,383)	$(259)	$207
Automotive cost of sales and other automotive expenses (b)	$ 16	$ 36	$ 113	$180
Interest income and other non-operating income, net (c)	$ 126	$ 228	$ 127	$166
Automotive interest expense (d)	$ 63	$ 243	$ 121	$100

(a) Represents marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes.

(c) Represents income on investments in Ally Financial preferred stock (through March 31, 2011), exclusivity and royalty fee income. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on notes payable and wholesale settlements.

Note 29. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011				
Total net sales and revenue	$36,194	$39,373	$36,719	$37,990
Automotive gross margin	$ 4,214	$ 5,250	$ 4,594	$ 4,422
Net income	$ 3,411	$ 3,037	$ 2,092	$ 747
Net income attributable to stockholders	$ 3,366	$ 2,992	$ 2,107	$ 725
Earnings per share, basic	$ 2.09	$ 1.68	$ 1.10	$ 0.30
Earnings per share, diluted	$ 1.77	$ 1.54	$ 1.03	$ 0.28

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$31,476	$33,174	$34,060	$36,882
Automotive gross margin	$ 3,923	$ 4,565	$ 4,473	$ 3,582
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to stockholders	$ 1,068	$ 1,536	$ 2,162	$ 1,406
Earnings per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Earnings per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

GM

In the three months ended June 30, September 30, and December 31, 2011 we used the two-class method for calculating earnings per share because Series B Preferred Stock became a participating security.

Results for the three months ended December 31, 2011 included:

- Goodwill impairment charge of $891 million in GMIO and GME.
- Settlement gain of $749 million related to termination of CAW hourly retiree healthcare benefits.
- Impairment charge of $555 million related to Ally Financial common stock.
- Reversal of deferred income tax valuation allowances of $502 million in Australia.

Results for the three months ended March 31, 2011 included:

- Gain of $1.6 billion related to the sale of our Class A Membership Interests in New Delphi.
- Goodwill impairment charge of $395 million in GME.
- Gain of $339 million related to the sale of 100% of our investment in the Ally Financial preferred stock.

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.

Note 30. Segment Reporting

Consolidated

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, and evaluates GM Financial through Income (loss) before income taxes.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Opel
- Vauxhall

At December 31, 2011 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea, SGM, SGMW, FAW-GM and HKJV. These companies design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Daewoo
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

All intersegment balances and transactions have been eliminated in consolidation.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
At and For the Year Ended December 31, 2011										
Sales										
External customers	$85,988	$25,154	$21,031	$16,632	$ 61	$ —	$148,866	$ —	$ —	$148,866
GM Financial revenue	—	—	—	—	—	—	—	1,410	—	1,410
Intersegment	4,245	1,603	3,730	245	—	(9,820)	3	—	(3)	—
Total net sales and revenue	$90,233	$26,757	$24,761	$16,877	$ 61	$ (9,820)	$148,869	$ 1,410	$ (3)	$150,276
Income (loss) before automotive interest and income taxes-adjusted	$ 7,194	$ (747)	$ 1,897	$ (122)	$ (447)	$ (93)	$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)										861
Corporate interest income										455
Automotive interest expense										540
Income (loss) before income taxes										9,080
Income tax expense (benefit)										(110)
Net income attributable to stockholders										$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$83,595	$15,799	$22,181	$11,631	$30,244	$(31,590)	$131,860	$13,112	$(369)	$144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income, net of tax and gain on disposal of investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Significant non-cash charges (gains) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 74	$ —	$ 4	$ 3	$ —	$ —	$ 81	$ —	$ —	$ 81
Impairment charges related to equipment on operating leases	75	76	—	—	—	—	151	—	—	151
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(488)	—	(488)	—	—	(488)
Total significant non-cash charges (gains)	$ 149	$ 76	$ 4	$ 3	$ (488)	$ —	$ (256)	$ —	$ —	$ (256)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA, Goodwill impairment charges of $1.0 billion in GME, Goodwill impairment charges of $258 million and charges related to HKJV of $106 million in GMIO, a gain on extinguishment of debt of $63 million in GMSA and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 10 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,065	$ 134	$ —	$135,311	$ —	$ —	$135,311
GM Financial revenue	—	—	—	—	—	—	—	281	—	281
Intersegment (a)	3,521	1,208	2,831	314	—	(7,874)	—	—	—	—
Total net sales and revenue	$83,035	$24,076	$20,561	$15,379	$ 134	$ (7,874)	$135,311	$ 281	$ —	$135,592
Income (loss) before automotive interest and income taxes-adjusted	$ 5,688	$ (1,953)	$ 2,262	$ 818	$ 191	$ (105)	$ 6,901	$ 129	$ —	$ 7,030
Adjustments (b)										447
Corporate interest income										465
Automotive interest expense										1,098
Income (loss) before income taxes										6,844
Income tax expense (benefit)										672
Net income attributable to stockholders										$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets (c)	$76,333	$18,375	$19,655	$12,040	$23,306	$(21,707)	$128,002	$10,940	$(44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains) not classified as adjustments in (b)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Reversal of valuation allowances against deferred tax assets (d)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to long-lived assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ 49	$ 6	$ —	$ (225)	$ —	$ 64	$ —	$ —	$ 64

(a) Presentation of intersegment sales has been adjusted to conform to the current presentation.

(b) Consists of a gain on the sale of Nexteer of $60 million in GMNA, a gain on the sale of Saab of $123 million, a gain on acquisition of GMS of $66 million in GME and a gain on the extinguishment of the VEBA Notes of $198 million in Corporate.

(c) Intercompany receivables between segments have been eliminated for presentation purposes as these amounts are not expected to be paid.

(d) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$7,221	$7,318	$141	$ —	$57,474
Intersegment (a)	972	139	906	81	—	(2,098)	—
Total net sales and revenue	$32,426	$11,479	$8,127	$7,399	$141	$(2,098)	$57,474
Income (loss) before interest and income taxes-adjusted	$ (2,065)	$ (814)	$ 789	$ 417	$133	$ (45)	$ (1,585)
Adjustments (b)							(3,202)
Interest income							184
Interest expense							694
Income (loss) before income taxes							(5,297)
Income tax expense (benefit)							(1,000)
Net income (loss) attributable to stockholders							$ (4,297)
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains) not classified as adjustments in (b)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(63)	—	(63)
Total significant noncash charges	$ —	$ —	$ —	$ —	$ 99	$ —	$ 99

(a) Presentation of intersegment sales has been adjusted to conform to the current presentation.

(b) Consists of the UAW OPEB health care settlement loss of $2.6 billion, charges related to Delphi of $83 million and a loss on extinguishment of debt of $101 million in GMNA, impairment charges related to Ally Financial common stock of $270 million and charges related to Delphi of $177 million in Corporate.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,685	$ 327	$ —	$ 47,115
Intersegment	701	133	1,024	51	—	(1,909)	—
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$(1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income (loss) before income taxes					$ 122,736		107,952
Income tax expense (benefit)							(1,166)
Net income attributable to stockholders							$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax benefits in jurisdictions with a full valuation allowance throughout the period.

(b) Refer to Note 32 for additional information on Reorganization gains, net.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor						Predecessor	
	At and For the Year Ended December 31, 2011		At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 79,868	$11,736	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742
Canada and Mexico	10,153	3,227	10,195	2,773	4,682	3,031	3,486	5,943
GM Financial								
U.S.	1,363	532	279	46				
Canada	47	300	2	1				
Europe								
France	2,343	73	1,820	63	923	17	1,024	67
Germany	5,975	2,348	5,004	1,852	2,851	2,299	3,817	3,670
Italy	2,429	55	2,509	176	1,119	192	1,221	169
Spain	1,263	464	1,398	665	862	778	609	1,206
United Kingdom	4,899	815	5,253	761	2,531	815	2,749	1,189
Other European Countries	8,284	975	6,905	764	3,046	839	3,024	1,821
Asia								
Korea	9,087	1,874	7,301	1,519	3,014	982	2,044	1,941
Thailand	911	582	561	341	166	151	103	383
Other Asian Countries	496	147	482	74	575	47	435	347
South America								
Argentina	1,723	164	1,215	183	436	195	363	131
Brazil	9,635	2,077	9,513	1,425	4,910	1,142	3,347	1,081
Venezuela	1,472	48	1,130	47	850	46	981	43
Other South American Countries	3,801	196	3,220	166	1,136	157	984	102
All Other Geographic Locations	6,527	664	6,069	643	2,366	481	1,776	1,158
Total consolidated	$150,276	$26,277	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor						Predecessor	
	At and For the Year Ended December 31, 2011		At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 81,231	$12,268	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742
Non-U.S.	69,045	14,009	62,577	11,453	29,467	11,172	25,963	19,251
Total U.S. and non-U.S.	$150,276	$26,277	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993

Note 31. Supplemental Information for Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Automotive Increase (decrease) in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Accounts receivable	$(1,572)	$ (641)	$ 660	$ (268)
Prepaid expenses and other deferred charges	(195)	299	315	1,416
Inventories	(2,760)	(2,229)	(315)	3,509
Accounts payable	2,095	2,259	5,363	(8,846)
Income taxes payable	(289)	51	401	606
Accrued liabilities and other liabilities	(654)	(92)	(3,225)	(6,815)
Equipment on operating leases	(522)	(628)	173	169
Total	$(3,897)	$ (981)	$ 3,372	$(10,229)
Cash paid for income taxes and interest				
Cash paid (received) for income taxes	$ 569	$ 357	$ (65)	$ (1,011)
Cash paid for interest — Automotive	$ 317	$ 1,001	$ 618	$ 2,513
Cash paid for interest — GM Financial	284	66		
Total cash paid for interest	$ 601	$ 1,067		

Significant Non-Cash Activity

Investing Cash Flows

The following table summarizes the amounts of unpaid property acquisitions that have been excluded from Expenditures for property within the investing activities section of the consolidated statement of cash flows because no cash has been expended (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Accrued expenditures for property	$3,689	$2,290	$1,710	$2,124

Financing Cash Flows

The following table summarizes the amounts relating to non-cash financing activities that have been excluded from the financing activities section of the consolidated statements of cash flows because no cash has been received (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Common stock contributed to U.S. hourly and salaried pension plans	$1,864	$—	$ —	$—
Notes issued to settle CAW hourly retiree healthcare plan	$1,122	$—	$ —	$—
UAW hourly retiree medical plan:				
Common stock and warrants contributed to VEBA	$ —	$—	$5,156	$—
Notes contributed to VEBA	$ —	$—	$2,825	$—
Series A Preferred Stock contributed to VEBA	$ —	$—	$5,257	$—

Refer to Note 18 for additional information on the common stock contributed to our pension plans and warrants, common stock, notes and preferred stock issued to settle certain hourly retirees healthcare benefit obligations.

Note 32. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from EDC under the EDC Loan Facility.

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a plan in February 2009 that included specific actions (Viability Plan) intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets: (1) debt reduction of at least two-thirds; (2) labor modifications to achieve an average compensation competitive with that of foreign-owned U.S. domiciled automakers; and, (3) modification of certain retiree healthcare obligations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009. Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan), the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries sought relief through Chapter 11 Proceedings of the Bankruptcy Code in the Bankruptcy Court.

In connection with the Chapter 11 Proceedings, Old GM entered into the DIP Facility and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
Description of Funding Commitment			
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of $3.9 billion that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with a purchase agreement also referred to as the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of shares of our common stock and warrants to acquire newly issued shares of our common stock as presented in the table in the following section entitled "Issuance of Common Stock, Preferred Stock and Warrants;" and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the terms of the 363 Sale agreement, we are obligated to issue Adjustment Shares to the GUC Trust following the dissolution of MLC in the event that allowed general unsecured claims against MLC, as approved by the Bankruptcy Court, exceed $35.0 billion. Refer to Note 20 for a description of the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Credit Agreement principal balance to $6.7 billion. We issued VEBA Notes in the principal amount of $2.5 billion to the New VEBA. Through our wholly-owned subsidiary GMCL we also entered into the Canadian Loan with EDC, as a result of which GMCL had a $1.3 billion term loan.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Credit Agreement and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Credit Agreement of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 17 for additional information on the UST Credit Agreement, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation, a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Successor	
	Common Stock	**Series A Preferred Stock (b)**
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a tranche of warrants to acquire 46 million shares of our common stock and MLC received two tranches of warrants, each to acquire 136 million shares of our common stock. Refer to Note 25 for additional description of warrants.

(b) Refer to Note 25 for a description of the Series A Preferred Stock.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. Refer to Note 18 for description of the changes to these plans.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852, “Reorganizations,” (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM’s Reorganization gains, net, arising from the 363 Sale and fresh-start reporting (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM’s Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustments from the 363 Sale and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net (a)	(1,203)
Total Reorganization gains, net	$128,155

(a) Other losses, net primarily relate to costs incurred during Old GM's Chapter 11 proceedings, including: losses of $958 million on extinguishments of debt; losses of $398 million on contract rejections, settlements of claims and other lease terminations; professional fees of $38 million; and a gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and Senior Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2011. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2011.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2011, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2011. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2011.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON	/s/ DANIEL AMMANN
Daniel F. Akerson Chairman and Chief Executive Officer	Daniel Ammann Senior Vice President and Chief Financial Officer
February 27, 2012	February 27, 2012

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

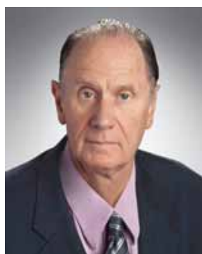
(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2011						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$252	159	3	83	—	$331
Other investments and miscellaneous assets (receivables and other)	$ 7	37	—	6	—	$ 38
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$250	93	—	91	—	$252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —

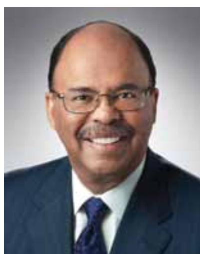
Board of Directors

(As of April 1, 2012)

Daniel F. Akerson
Chairman &
Chief Executive Officer
Director since July 2009



David Bonderman [2, 5]
Co-Founding Partner
& Managing General
Partner, TPG Capital
Director since July 2009

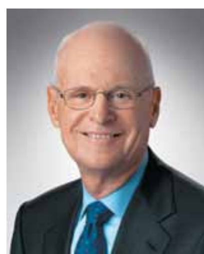


Erroll B. Davis, Jr. [1, 4]
Superintendent for
Atlanta Public Schools
Director since July 2009

Stephen J. Girsky [4, 5]
Vice Chairman, Corporate
Strategy, Business
Development,
Global Product Planning
and Global Purchasing &
Supply Chain
Director since July 2009

E. Neville Isdell [2, 3, 4]
Retired Chairman &
Chief Executive Officer,
The Coca-Cola Company
Director since July 2009

Robert D. Krebs [1, 5]
Retired Chairman &
Chief Executive Officer,
Burlington Northern
Santa Fe Corporation
Director since July 2009



Philip A. Laskawy [1, 5]
Retired Chairman &
Chief Executive Officer,
Ernst & Young LLP
Director since July 2009

Kathryn V. Marinello [1, 4]
Chairman &
Chief Executive Officer,
Stream Global Services, Inc.
Director since July 2009

Patricia F. Russo [2, 3, 5]
Former Chief Executive
Officer, Alcatel-Lucent
Director since July 2009

Thomas M. Schoewe [5]
Former Executive
Vice President &
Chief Financial Officer,
Wal-Mart Stores, Inc.
*Director since
November 2011*

Carol M. Stephenson [2, 3]
Dean, Richard Ivey School
of Business, The University
of Western Ontario
Director since July 2009

Dr. Cynthia A. Telles [3, 4]
Director, UCLA
Neuropsychiatric Institute
Spanish-Speaking
Psychosocial Clinic
Director since April 2010

Committees: 1 Audit, 2 Executive Compensation, 3 Directors and Corporate Governance, 4 Public Policy, 5 Finance and Risk

Management Team

(As of April 1, 2012) (Not pictured)

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman,
Corporate Strategy,
Business Development,
Global Product Planning
and Global Purchasing
& Supply Chain

Daniel Ammann
Senior Vice President &
Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product
Development

Timothy E. Lee
Vice President
& President,
International Operations

Michael P. Millikin
Senior Vice President
& General Counsel

Karl-Friedrich Stracke
Vice President
& President, Europe

Mark L. Reuss
Vice President & President,
North America

Selim Bingol
Vice President,
Global Communications

Cynthia J. Brinkley
Vice President,
Global Human Resources

Nicholas S. Cyprus
Vice President, Controller
& Chief Accounting Officer

James A. Davlin
Vice President,
Finance & Treasurer

Joel Ewanick
Vice President & Global
Chief Marketing Officer

Robert E. Ferguson
Vice President,
Global Public Policy

Randall D. Mott
Vice President,
Information Technology
& Chief Information Officer

Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Brian D. Thelen
General Auditor
& Chief Risk Officer

General Information

Common Stock

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

Preferred Stock

4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol: GM PR B -
New York Stock Exchange

Annual Meeting

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. EDT on Tuesday, June 12, 2012, in Detroit, Michigan.

Stockholder Assistance

Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334
(from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service (888-887-8945) and the Computershare website at *www.computershare.com/gm* are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

Electronic Delivery of Annual Meeting Materials

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at *www.computershare.com/gm*. If your GM stock is held through a broker, bank or other nominee, contact it directly.

Securities and Institutional Analyst Queries

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

Available Publications

GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and *Winning With Integrity* (code of ethics) are available online at *www.gm.com/investor*.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

Visit GM on the Internet

Learn more about General Motors vehicles and services on our website at *www.gm.com*.

GM Customer Assistance Centers

Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300
or @BuickCustCare

Cadillac: 800-458-8006
or @CadillacCustSvc

Chevrolet: 800-222-1020
or @ChevyCustCare

GMC: 800-462-8782
or @GMCCustCare

HUMMER: 866-486-6376
or @GMCustomerSvc

Oldsmobile: 800-442-6537
or @GMCustomerSvc

Pontiac: 800-762-2737
or @GMCustomerSvc

Saab: 855-880-0808
or @GMCustomerSvc

Saturn: 800-553-6000
or @GMCustomerSvc

GM of Canada: 800-263-3777

GM Mobility: 800-323-9935

Other Products and Services

GM Card: 800-846-2273
OnStar: 888-667-8277

Principal Office

General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000

Please go to www.gmannualreport.com to view our new online annual report—a view of our year, our strategy, our vehicles and more.

Our vision in motion: full speed ahead.

General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
www.gm.com

Printed on paper that contains at
least 10% post consumer fiber

Exhibit 15

2012 ANNUAL REPORT

CHEVROLET CORVETTE STINGRAY

PASSION. PRECISION. PERFORMANCE.

Our success begins and ends with people who have a passion for great cars and trucks ... a pride in getting everything just right ... a commitment to perform our best for the people who put their trust in us.

From here, there are no finish lines. There's only

go

Please go to www.gmannualreport.com to view our new online annual report — a view of our year, our strategy, our vehicles and more.

FINANCIAL CONTENTS

12 Vehicle Sales and Net Revenue

13 Reconciliation of Non-GAAP Measures

14 Board of Directors and Management Team

15 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

16 Selected Financial Data

18 Management's Discussion and Analysis of Financial Condition and Results of Operations

63 Quantitative and Qualitative Disclosures About Market Risk

70 Financial Statements and Supplementary Data

70 Consolidated Income Statements

71 Consolidated Statements of Comprehensive Income

72 Consolidated Balance Sheets

73 Consolidated Statements of Cash Flows

74 Consolidated Statements of Equity

75 Notes to Consolidated Financial Statements

177 Controls and Procedures

DANIEL F. AKERSON
Chairman & Chief Executive Officer
with the 2014 Cadillac CTS

TO OUR STOCKHOLDERS:

Last year, I closed my letter to you by talking about how GM was changing its processes and culture in order to build the best vehicles in the world much more efficiently and profitably. This year, I want to pick up where I left off, and articulate what success looks like for you as stockholders, and for everyone else who depends on us. >>

The **Opel Mokka** entered the growing European market for sub-compact SUVs in 2012. And if the enthusiastic customer response is any indication, the vehicle's new technologies and bold design are already setting a new standard in its segment.

Simply stated, our objective is to make GM the world's most valuable automotive company over time by attracting the industry's most loyal and enthusiastic customers.

The phrase "most valuable" means different things to different groups, which is intentional. To suppliers and our dealers, it means GM will be their preferred business partner. To our team, it means we will be their workplace of choice. And to investors, it means we will become a blue chip holding by virtue of long-term profitable growth, which is the theme of this letter.

What is immutable is our focus on the customer, which requires us to go from "good" today to "great" in everything we do, including product design, initial quality, durability and service after the sale.

As you will read, the foundation for greatness is being built. GM has introduced products that customers around the world love. We are aggressively addressing the issues that hold us back. We have maintained our fortress balance sheet and improved our financial flexibility. And we have planted the seeds of growth in every region of the world.

A YEAR OF SIGNIFICANT PROGRESS

From a financial standpoint, 2012 was another solid year for General Motors. Four of our five business units were profitable and we earned net income attributable to common stockholders of $4.9 billion.

Those of you who have been invested in GM know that we track our operating performance using EBIT-adjusted, which is earnings before interest expense and taxes, adjusted for special items. On this basis, GM earned $7.9 billion.

This is down about $400 million from a year ago, due primarily to a larger loss in Europe. North America's results tracked very close to 2011. Earnings in South America and International Operations were up year over year. GM Financial had record income before tax.

Cash generation was solid. Our automotive revenue in 2012 was $150 billion, our dealers delivered 9.3 million vehicles and we generated $9.6 billion in automotive net cash provided by operating activities. Adjusted automotive free cash flow was up meaningfully from 2011, reaching $4.3 billion.

We ended 2012 with total liquidity of $37.2 billion, including $26.1 billion of cash and marketable securities.

These and other favorable trends prompted Canada's DBRS and Fitch Ratings to upgrade GM's corporate credit rating. DBRS now rates GM as investment grade and all three major U.S. ratings agencies have us rated one notch below investment grade. Our target is to achieve investment grade across-the-board as soon as possible and improve from there.

CREATING A SUSTAINABLE COMPETITIVE ADVANTAGE

GM's much improved financial structure and our $23.2 billion in EBIT-adjusted since the beginning of 2010 are allowing us to reinvest in the business at a consistently high level, despite the fact that most European economies are in distress and U.S. sales remained below pre-recession levels in 2012.

Our capital expenditures increased from $6.2 billion in 2011 to $8.1 billion in 2012, and I expect capital spending will stay at about this level in coming years. We can do this because of our low break-even point in North America, the global geographic diversity of our earnings and our fortress balance sheet.

Our operating results and financial discipline also made it possible to execute a number of transactions that will improve our competitive position and reduce risk going forward.

- Through GM Financial, we are acquiring Ally Financial's International Operations in Europe and Latin America, and Ally's share of its China joint venture. With the Ally acquisitions and GM Financial's other new business initiatives, we will be able to provide financing in markets that represent 80 percent of our sales volume. We will also be able to meet demand in strategic and underserved markets – all with very good risk-adjusted returns and a smaller balance sheet than other captive automotive finance companies.
- To ensure GM has state-of-the-art information technology (IT), we are consolidating 23 mostly leased and shared data centers around the world into two fully redundant, company-owned facilities. The next step is to transform IT into a competitive advantage, so we are creating four innovation centers to develop proprietary business application software. Together, these moves will give us the most robust applications, and the most accurate, timely and secure data.
- In a particularly innovative set of transactions, we reduced our U.S. salaried pension obligations by $28 billion. By offering retirees a lump sum buy-out or an insurance company-backed annuity, we were able to reduce a form of leverage, reduce claims on our future cash flow and actually enhance the income security of our salaried retirees.
- Late in the year, we strengthened our fortress balance sheet by replacing our existing $5 billion revolving line of credit with two new credit facilities totaling $11 billion. This additional liquidity is appropriate for a company of our size. But what made it a landmark deal was the fact that we earned investment-grade pricing and investment-grade terms and conditions – a clear vote of confidence in the financial strength of General Motors.

FIXING GM EUROPE

One of the urgent issues we are addressing is the economic crisis in Europe, which led to increased losses in the region. I'm encouraged that after several years of restructuring, which intensified in 2012, we are now seeing green shoots. Indeed, our objective is to achieve break-even EBIT-adjusted results by mid-decade.

The foundation of our Europe revitalization plan is to grow Chevrolet and underpin Opel/Vauxhall's great new products with a competitive cost structure and the right "go to market" strategy.

Significant progress has been made on all of these fronts:

- We continue to rationalize capacity and pursue productivity gains. We announced the sale of our transmission operations in Strasbourg, France, and confirmed that car production will cease at our plant in Bochum, Germany.
- We significantly strengthened our leadership team in Europe, most notably with the appointment of Dr. Karl-Thomas Neumann, a veteran Volkswagen executive, as chairman of the Opel management board and president of GM Europe. Dr. Neumann started work on March 1, 2013.

Reduced U.S. salaried pension liability

$28B

Capital expenditures

2011 $6.2B
2012 $8.1B

"GM's greatest strengths today are our market-leading positions in the United States and China, the world's two largest markets."

As we reduce our fixed and variable costs in Europe, we'll continue to play offense with no less than 23 new Opel/Vauxhall vehicles and 13 new powertrains coming between 2012 and 2016.

The first two of these products, the Mokka and ADAM, are in segments where we didn't compete before, and they look like hits. By early 2013, we had 90,000 customer and dealer orders for the Mokka and 30,000 for the ADAM.

Sales increase in China 2012 over 2011

11.3%

One of the boldest decisions we made in 2012 was to strike a broad-based alliance with Peugeot S.A. (PSA), Europe's second-largest automaker by volume.

The PSA alliance helps us on both strategic and tactical fronts:

- We expect to see lower material costs through our new purchasing alliance, which covers commodities, components and other goods and services.
- Our logistics costs per vehicle should start to decline now that we are working with Gefco, the leading logistics provider in Europe and a former PSA subsidiary.
- During the medium- to long-term, we expect to accrue even greater synergies by jointly developing several B- and C-segment products from shared architectures.

All of this activity is designed to put Opel/Vauxhall back on a growth trajectory. Although the political, economic and competitive landscape remains volatile, we are making progress on the things we can control. Our drive for results is intense and we will adjust to any reality.

PROFITABLE GROWTH AROUND THE WORLD

GM's greatest strengths today are our market-leading positions in the United States and China, the world's two largest markets.

In China, GM and our joint venture partners sold a record 2.8 million vehicles in 2012. Sales increased 11.3 percent from 2011 and we gained a full point of market share versus 2011.

Our two largest brands, Buick and Wuling, set all-time sales records. Chevrolet also set a record for domestic sales on the strength of products like the Cruze, Sail and new Malibu. Cadillac posted modest growth and our new Baojun brand had sales of more than 84,000 units in its first full year in the marketplace.

By 2020, the market in China could reach 30 million units annually, up from about 19 million in 2011, so we are continuing to invest aggressively in all facets of our business:

- We plan to introduce more than 10 new or upgraded products in China on average each year through 2016.
- Shanghai GM opened a new plant in Yantai, Shandong, and broke ground for its fourth manufacturing base in Wuhan, Hubei.
- SAIC-GM-Wuling opened a new passenger car production facility near its headquarters in Liuzhou, Guangxi, and announced plans to build a third production base in Chongqing Municipality.
- GM's Pan Asia Technical Automotive Center (PATAC) joint venture opened a climatic wind tunnel in Shanghai, and together with PATAC, SAIC and Shanghai GM, we opened the largest automotive proving ground in the country in Guangde, Anhui.

- Export sales from China reached 76,000 units in 2012 and are expected to reach 100,000 units in 2013.
- We now have more than 4,200 dealerships in China and are expanding in the country's growing central and western cities.

Growing Cadillac sales in China is a priority. With a refreshed version of the top-selling Cadillac SRX crossover and local production of the Cadillac XTS sedan, which began in early 2013, along with future products, we will build critical mass. Our goal is to triple sales to 100,000 units within two years.

In the United States, we sold 2.6 million vehicles, up 4 percent compared with 2011, although market share declined 1.6 points to 17.5 percent. The share decline is due in large part to the recovery of the Japanese automakers after the Fukushima earthquake and tsunami, and the relative age of our product portfolio.

Against this backdrop, however, we created significant value for both GM and our customers.

- Thanks to continuous improvement in our product offerings, GM's sales incentives, which used to be the highest in the industry, are now competitive and consistently about the industry average as a percentage of average transaction prices, according to J.D. Power PIN data.
- GM now commands the highest, or among the highest, prices in key segments, including small, mid-size and compact cars, compact and medium crossovers and large SUVs, also according to J.D. Power.
- The combination of more desirable vehicles, disciplined incentives and our balanced approach to fleet sales has helped drive significant increases in the resale value of our U.S. products.

The net result is that our EBIT-adjusted margins in North America have averaged 7.4 percent over the last three calendar years, despite having a relatively older product line-up due to depressed capital spending in 2008 and 2009.

The **Cadillac ELR** marks a pivotal moment in the brand's history – a sleek luxury coupe that features the first application of Extended Range Electric Vehicle technology by a full-line luxury automotive brand.

From hood to hitch, the all-new **Chevrolet Silverado 1500** full-size pickup is engineered to be the strongest, smartest and most capable Silverado ever.

Our market discipline sets us up very well for an aggressive wave of new product launches. During the course of 2012 and 2013, 70 percent of our U.S. nameplates will be redesigned or all new, including:

- A stunning new Chevrolet Corvette Stingray, which was voted "Best in Show" at the 2013 North American International Auto Show in Detroit by the editors of *AutoWeek* magazine.
- The Cadillac ATS luxury sedan, which was named 2013 North American Car of the Year by a distinguished panel of journalists – the first time a Cadillac has won.
- The new Buick Verano and Encore, which are entering new segments for GM, will continue the revitalization of the brand. Buick has now delivered three consecutive years of higher retail sales.

Our most important launch in 2013 will be our completely redesigned Chevrolet Silverado and GMC Sierra full-size pickups, which are cornerstones of our sales, market share and profitability in North America.

Every element of these vehicles has been improved, including durability, capability, fuel economy and refinement. Both competitive-make drivers and our 13-million strong owner base will find our new trucks very appealing.

With so many new products in our portfolio, we expect a modest increase in U.S. market share in 2013, and an even brighter future. By 2014, we expect to have one of the newest showrooms in the industry.

New products and plant investments are also driving our business in South America. In 2012, GM South America earned EBIT-adjusted of $271 million, an almost $400 million improvement over 2011.

The long list of projects we have planned includes a $450 million investment in our Rosario plant in Argentina. In Brazil, they include a new engine plant in Joinville, the expansion of our Gravatai assembly plant, extensive upgrades to our Sao Cetano do Sul plant and much more.

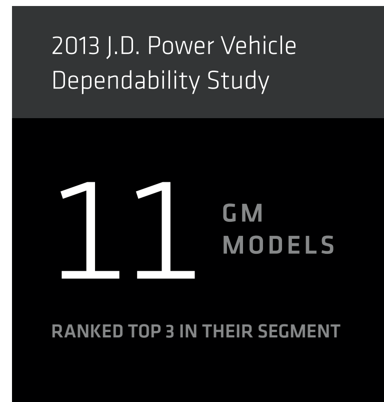
All of this work has been done to prepare for an unprecedented wave of new Chevrolets, including the new Cobalt, Cruze, S10, Sonic, Spin, Trailblazer and the all-new Onix.

The Chevrolet Onix is an exemplar. It was envisioned as a car for the growing middle class in emerging markets, and early feedback from our dealers and media suggests we have struck exactly the right balance of affordability, functionality and design.

The Brazilian Automotive Media Association named the Onix its "Car of the Year," and it could account for as much as 25 percent of Chevrolet sales in Brazil.

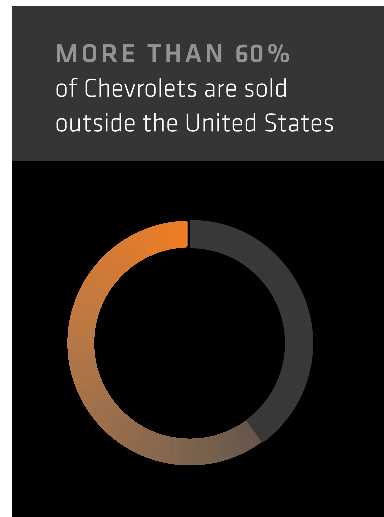
Chevrolet's success in growth markets, including Russia, where the brand has been the best-selling non-domestic nameplate for six consecutive years, helped lead to record global sales in 2011 and 2012, and a striking shift in the brand's footprint. Ten years ago, more than 70 percent of Chevrolets were sold INSIDE the United States.

Today, more than 60 percent of Chevrolets are sold OUTSIDE the United States and it now is the world's fastest-growing major automotive brand.



BUILDING THE MOST ROBUST BUSINESS MODEL

Today's GM leadership team is attacking issues that once seemed intractable, including our pension obligations and European losses. We have also re-established GM as a leader in automotive design and technology with vehicles such as the Chevrolet Volt, Opel Mokka, Cadillac ATS and ELR, and more. But we have more work to do to further improve our results and build the most robust business model possible.



In last year's letter, I described how our product development team is working to reduce complexity and better leverage our scale by reducing the number of vehicle and powertrain architectures that underpin our products.

“We are designing products to win in the marketplace, not just compete, and we’re aggressively pursuing growth opportunities around the world.”

That work continues, and it has been complemented by changes to our design and engineering organization that have flattened the structure and created more accountability for product execution, profitability and customer satisfaction.

We’re also providing our product teams with much more detailed and insightful financial analysis. Over time, we will be able to track the profitability of vehicles we build down to the serial number, which will help us prioritize capital allocations and other investment decisions.

Ultimately, these insights will help us become far more strategic about product development, component sourcing and manufacturing decisions, which in turn will help us drive down costs.

Product quality and long-term durability are two other areas that demand our unrelenting attention, even though we are doing well on key measures.

For example, we earned our best-ever results in J.D. Power and Associates’ 2012 Initial Quality Study. In addition, 11 GM models were ranked in the top three of their segments in the 2013 J.D. Power Vehicle Dependability Study, which tracks the performance of three-year-old vehicles. Chevrolet and GMC swept the large pickup segment. This is all good. But it’s not enough.

Internal and external studies prove that long-term durability is hardwired to customer retention rates, and retention drives profitability. For example, we conservatively estimate a one percentage point improvement in GM loyalty rates in the United States would deliver about $700 million in incremental revenue. To capture this revenue, our teams are working hard to further improve customer satisfaction and quality.

Of course, none of the issues I have outlined are new challenges. But they are controllable, and every dollar of incremental revenue or avoided cost brings us closer to our objective of becoming the world’s most valuable automotive company. All of it is achievable.

BECOMING THE WORLD’S MOST VALUABLE AUTOMOTIVE COMPANY

In closing, I want to share my perspective on the U.S. government’s gradual sell-down of its ownership stake in GM, which was announced at the end of 2012. It echoes a message I shared with the GM team on the day we announced our plan to return more than $5 billion in capital to the U.S. Treasury by repurchasing 200 million shares of common stock.

It has never been far from my mind that U.S. and Canadian taxpayers rightfully expected us to change the way we do business in exchange for a second chance. That is exactly what we are doing.

Today’s GM has changed in profound ways:

- We are transforming our financial systems and strengthening our risk management function processes while simultaneously reducing our pension obligations and closing competitive gaps.

- To enhance our competitiveness, we are restoring information technology as a core competency.
- We are designing products to win in the marketplace, not just compete, and we're aggressively pursuing growth opportunities around the world.
- We are building stronger relationships with our suppliers, dealers, employees, unions and the communities where we do business.
- By keeping our debt and break-even point low, we are able to reinvest about $8 billion in capital in the business every year regardless of the economic cycle.

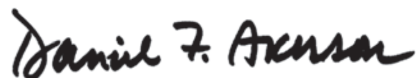
More than anything else, we now put customers at the center of every decision, because we know that the only way to stay in business for generations to come is to earn their loyalty.

All of the traits I described are hallmarks of great companies and prerequisites for GM to achieve our overarching goal: to become the world's most valuable automotive company.

I've challenged the GM team to make this our legacy, which is the best way I can think of to justify the extraordinary assistance taxpayers gave us and thank them for standing by us in what was our darkest hour.

We're well on our way.

Sincerely,



Daniel F. Akerson
Chairman & Chief Executive Officer

April 25, 2013

Buick Encore, the brand's stylish, highly fuel-efficient entry into the small crossover segment, entered dealer showrooms in January 2013 – helping to continue the momentum from Buick's most successful retail sales performance in six years.

REVENUE (BILLIONS)

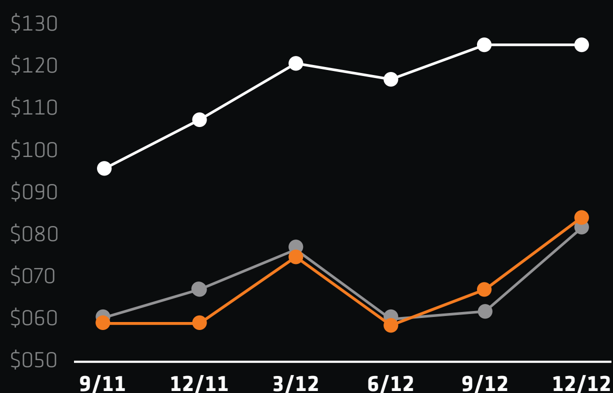
NET INCOME ATTRIBUTABLE TO
COMMON STOCKHOLDERS (MILLIONS)

$4,859 2012

EARNINGS PER SHARE
FULLY DILUTED

$2.92 2012

COMPARISON OF CUMULATIVE
TOTAL RETURN



	9/11	12/11	3/12	6/12	9/12	12/12
● General Motors Company	$ 59	$ 59	$ 75	$ 58	$ 67	$ 84
● S&P 500 Index	$ 96	$108	$121	$118	$125	$125
● Ford	$ 60	$ 67	$ 78	$ 60	$ 62	$ 82

Source: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford, with reinvestment of dividends.

VEHICLE SALES AND NET REVENUE

(in millions, except per share & units)	2011	2012
VEHICLE SALES, INCLUDING JOINT VENTURES - (000'S UNITS)		
GMNA	2,925	3,019
GME	1,751	1,607
GMIO	3,281	3,616
GMSA	1,066	1,047
Worldwide Vehicle Sales	**9,024**	**9,288**
FINANCIAL RESULTS		
Worldwide Net Sales & Revenue	$150,276	$152,256
Earnings Before Interest and Income Taxes - Adjusted*	$ 8,304	$ 7,859
Net Income Attributable to Common Stockholders	$ 7,585	$ 4,859
Diluted Earnings Per Share	$ 4.58	$ 2.92
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Available Automotive Liquidity		
Cash and Marketable Securities	$ 31,647	$ 26,121
Credit Facilities	5,308	11,119
Total Available Automotive Liquidity	**$ 36,955**	**$ 37,240**
Key Automotive Obligations		
Debt	$ 5,295	$ 5,172
Underfunded U.S. Pension	14,213	14,025
Total Key Automotive Obligations	**$ 19,508**	**$ 19,197**
ADJUSTED AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 7,429	$ 9,631
Capital Expenditures	(6,241)	(8,055)
Automotive Free Cash Flow	**1,188**	**1,576**
Adjustments for Voluntary Management Actions	1,830	2,712
Adjusted Automotive Free Cash Flow	**$ 3,018**	**$ 4,288**
EMPLOYMENT - YEAR END (000'S)		
GMNA	98	101
GME	39	37
GMIO	34	39
GMSA	33	32
GM Financial	3	4
Worldwide Employment	**207**	**213**

*Includes GM Financial on an Earnings Before Tax (EBT) basis

GENERAL MOTORS COMPANY AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Adjusted automotive free cash flow which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Adjusted automotive free cash flow are considered non-GAAP measures.

Management believes these non-GAAP measures provide meaningful supplemental information regarding GM's operating results and liquidity because they exclude amounts that management does not consider when assessing and measuring operational and financial performance. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. GM believes these non-GAAP measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (dollars in millions):

	2011	2012
Operating segments		
GMNA[a]	$7,194	$6,953
GME[a]	(747)	(1,797)
GMIO[a]	1,897	2,191
GMSA[a]	(122)	271
GM Financial[b]	622	744
Total operating segments[b]	8,844	8,362
Corporate and eliminations	(540)	(503)
EBIT-adjusted[b]	**8,304**	**7,859**
Special items	861	(36,106)
Interest income	455	343
Automotive interest expense	540	489
Loss on extinguishment of debt	-	250
Income tax benefit	(110)	(34,831)
Net income attributable to stockholders	**$9,190**	**$6,188**

[a]Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income (loss) attributable to stockholders.

[b]GM Financial amounts represent income before income taxes.

The following summarizes the adjustments for voluntary management actions for Adjusted automotive free cash flow in the year ended December 31, 2011. Adjustments for voluntary management actions included the following:

- Increase in accounts receivable of $1.1 billion resulting from the termination of an in-transit wholesale advance agreement; and
- Contribution to Canadian Health Care Trust of $0.8 billion.

In the year ended December 31, 2012, adjustments for voluntary management actions for Adjusted automotive free cash flow included the following:

- Voluntary contributions to a pension plan of $2.3 billion; and
- The premium paid to purchase our common stock from the United States Treasury of $0.4 billion.

The following summarizes the special items for EBIT-adjusted in the year ended December 31, 2011. Special items included the following:

- Gain of $1.6 billion in GMNA on the sale of GM's Class A Membership Interests in Delphi Automotive LLP;
- Goodwill impairment charges of $1.0 billion in GME and $258 million in GMIO;
- Gain of $749 million in GMNA related to Canadian Health Care Trust settlement;
- Impairment charges of $555 million in Corporate related to GM's investments in Ally Financial, Inc. common stock;
- Gain of $339 million in Corporate related to the sale of 100% of the Ally Financial, Inc. preferred stock;
- Charge of $106 million in GMIO related to GM's India joint venture; and
- Gain of $63 million in GMSA related to extinguishment of debt.

In the year ended December 31, 2012, special items for EBIT-adjusted included the following:

- Goodwill impairment charges of $26.4 billion in GMNA, $590 million in GME and $132 million in GMIO;
- Pension settlement charges of $2.7 billion in GMNA;
- Income related to various insurance recoveries of $155 million in GMNA, GME, GMIO and GMSA;
- Property impairment charges of $3.7 billion in GME;
- Intangible assets impairment charges of $1.8 billion in GME;
- Impairment charges related to the investment in PSA of $220 million in GME;
- A charge of $119 million in GME to record GM Strasbourg assets and liabilities to estimated fair value;
- GM Korea hourly wage litigation charge of $336 million in GMIO;
- Noncontrolling interests of $68 million in GMIO related to redemption of the GM Korea mandatorily redeemable preferred shares; and
- A charge of $402 million in Corporate which represents the premium paid to purchase our common stock from the UST.

BOARD OF DIRECTORS *(as of April 1, 2013)*

Beginning on left:

Robert D. Krebs, Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation (Joined Board 07/24/09)
Patricia F. Russo, Former Chief Executive Officer, Alcatel-Lucent (Joined Board 07/24/09)
Dr. Cynthia A. Telles, Director, UCLA Neuropsychiatric Institute Spanish-Speaking Psychosocial Clinic (Joined Board 04/13/10)
Admiral Michael G. Mullen, USN (ret.), Former Chairman, Joint Chiefs of Staff (Joined Board 02/01/13)
Daniel F. Akerson, Chairman & Chief Executive Officer, General Motors Company (Joined Board 07/24/09)
E. Neville Isdell, Retired Chairman and Chief Executive Officer, The Coca-Cola Company (Joined Board 07/10/09)
Thomas M. Schoewe, Former Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc. (Joined Board 11/14/11)
Philip A. Laskawy, Retired Chairman and Chief Executive Officer, Ernst & Young LLP (Joined Board 07/10/09)
Theodore M. Solso, Former Chairman and Chief Executive Officer, Cummins, Inc. (Joined Board 06/12/12)
Kathryn V. Marinello, Chairman and Chief Executive Officer, Stream Global Services, Inc. (Joined Board 07/10/09)
Erroll B. Davis, Jr., Superintendent, Atlanta Public Schools (Joined Board 07/10/09)
Carol M. Stephenson, Dean, Richard Ivey School of Business, Univ. of Western Ontario (Joined Board 07/24/09)
Stephen J. Girsky, Vice Chairman, Corporate Strategy, Business Development, Global Product Planning and Global Purchasing & Supply Chain, General Motors Company (Joined Board 07/10/09)
James J. Mulva, Retired Chairman and Chief Executive Officer, ConocoPhillips (Joined Board 06/12/12)
David Bonderman ***(not pictured)*****,** Co-Founding Partner and Managing General Partner, TPG (Joined Board 07/24/09)

MANAGEMENT TEAM *(as of April 1, 2013)*

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman,
Corporate Strategy,
Business Development,
Global Product Planning
and Global Purchasing
& Supply Chain

Daniel Ammann
Senior Vice President
& Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product Development

Timothy E. Lee
Vice President, Global
Manufacturing & President,
International Operations

Michael P. Millikin
Senior Vice President
& General Counsel

Karl-Thomas Neumann
Vice President & President,
Europe

Mark L. Reuss
Vice President & President,
North America

Selim Bingol
Vice President,
Global Communications
& Public Policy

James A. Davlin
Vice President,
Finance & Treasurer

Robert E. Ferguson
Vice President,
Global Cadillac

Melissa A. Howell
Vice President,
Global Human Resources

Randall D. Mott
Vice President, Information
Technology & Chief
Information Officer

Thomas S. Timko
Vice President, Controller
& Chief Accounting Officer

Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Brian D. Thelen
General Auditor
& Chief Risk Officer

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange.

Quarterly price ranges based on high and low prices from intraday trades of our common stock on the New York Stock Exchange, the principal market in which the stock is traded, are as follows:

	Years Ended December 31,			
	2012		2011	
Quarter	High	Low	High	Low
First	$27.68	$20.75	$39.48	$30.20
Second	$27.03	$19.24	$33.47	$28.17
Third	$25.15	$18.72	$32.08	$19.77
Fourth	$28.90	$22.67	$26.55	$19.00

Holders

At February 8, 2013 we had a total of 1.4 billion issued and outstanding shares of common stock held by 319 holders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements, the selected financial data below includes the selected financial data of Old GM as it is the Predecessor entity solely for accounting and financial reporting purposes. At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	Successor				Predecessor	
	Years Ended December 31,			July 10, 2009 Through December 31,	January 1, 2009 Through	Year Ended December 31,
	2012	2011	2010	2009	July 9, 2009	2008
Income Statement Data:						
Total net sales and revenue (a)	$152,256	$150,276	$135,592	$ 57,474	$ 47,115	$148,979
Reorganization gains, net (b)	$ —	$ —	$ —	$ —	$128,155	$ —
Income (loss) from continuing operations	$ 6,136	$ 9,287	$ 6,503	$ (3,786)	$109,003	$ (31,051)
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)	(511)	115	108
Net income (loss) attributable to stockholders (c)	$ 6,188	$ 9,190	$ 6,172	$ (4,297)	$109,118	$ (30,943)
Net income (loss) attributable to common stockholders	$ 4,859	$ 7,585	$ 4,668	$ (4,428)	$109,118	$ (30,943)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share: (d)						
Net income (loss) attributable to common stockholders	$ 3.10	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings (loss) per share: (d)						
Net income (loss) attributable to common stockholders	$ 2.92	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Cash dividends per common share	$ —	$ —	$ —	$ —	$ —	$ 0.50
Balance Sheet Data (as of period end):						
Total assets (a)	$149,422	$144,603	$138,898	$136,295		$ 91,039
Automotive notes and loans payable (e)(f)	$ 5,172	$ 5,295	$ 4,630	$ 15,783		$ 45,938
GM Financial notes and loans payable (a)	$ 10,878	$ 8,538	$ 7,032			
Series A Preferred Stock (g)	$ 5,536	$ 5,536	$ 5,536	$ 6,998		$ —
Series B Preferred Stock (h)	$ 4,855	$ 4,855	$ 4,855	$ —		$ —
Equity (deficit) (i)(j)	$ 37,000	$ 38,991	$ 37,159	$ 21,957		$ (85,076)

(a) General Motors Financial Company, Inc. (GM Financial) was consolidated effective October 1, 2010.

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

(c) In the year ended December 31, 2012 we recorded Goodwill impairment charges of $27.1 billion, the reversal of deferred tax valuation allowances of $36.3 billion in the U.S. and Canada, pension settlement charges of $2.7 billion and GM Europe (GME) long-lived asset impairment charges of $5.5 billion.

(d) In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock is a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 25 to our consolidated financial statements for additional detail.

(e) In December 2008 Old GM entered into the United States Treasury (UST) loan agreement, as amended (UST Loan Agreement), pursuant to which the UST agreed to provide a $13.4 billion borrowing facility.

(f) In December 2010 GM Korea Company (GM Korea) terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(g) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for $2.1 billion.

(h) Series B Preferred Stock was issued in a public offering in November and December 2010.

(i) Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

(j) In December 2012 we purchased 200 million shares of our common stock for a total of $5.5 billion, which directly reduced shareholder's equity by $5.1 billion and we recorded a charge to earnings of $0.4 billion.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2012 Form 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM." General Motors Corporation is sometimes referred to in this 2012 Form 10-K, for the periods on or before July 9, 2009, as "Old GM," as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2012 Form 10-K for the periods after July 10, 2009 as "MLC." On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GME, GM International Operations (GMIO), GM South America (GMSA) and GM Financial.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Prior Period Financial Statements Conformed to Current Period Presentation

In 2012 we changed the presentation of our consolidated balance sheet, consolidated statements of cash flows and certain notes to the consolidated financial statements to classify the assets and liabilities of GM Financial as current or non-current and to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Overview

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under Chapter 11 of the U.S. Bankruptcy Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange. In April 2011 in connection with MLC's distribution of warrants for our common stock to its unsecured creditors, we listed the warrants expiring July 10, 2016 and the warrants expiring July 10, 2019 on the New York Stock Exchange.

Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers. Of our total 2012 vehicle sales volume, 72.1% was generated outside the U.S.

Our automotive business is organized into four geographically-based segments:

- GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 32.5% of our vehicle sales volume in 2012 and we had the largest market share in this market at 16.9%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 17.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number four market share in this market at 8.5%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.

- GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 38.9% of our global vehicle sales volume including sales through our joint ventures in 2012. In 2012 we had approximately 14.6% market share in China as compared to 13.6% in 2011. In 2012 GMIO derived 78.4% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.

- GMSA has sales, manufacturing, distribution and financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 11.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number two market share for this market at 18.0% and the number three market share in Brazil. In 2012 GMSA derived 61.4% of its vehicle sales volume from Brazil.

Automotive Financing — GM Financial

GM Financial specializes in purchasing retail automobile installment sales contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers lease products through GM dealerships in connection with the sale of used and new automobiles that target customers with sub-prime and prime credit bureau scores. GM Financial primarily generates revenue and cash flows through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and
- Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

Automotive Financing Strategy

Our automotive financing strategy centers around ensuring that our dealers and customers have consistently available, transparent and competitive financing options throughout the business and credit cycles. We achieve this through our captive finance capabilities at GM Financial and through operating relationships with financial institutions, including Ally Financial, Inc. (Ally Financial).

In October 2010 we acquired GM Financial to further bolster our offerings in the leasing and sub-prime financing segments in the U.S. and Canada. We believe that by having our own capabilities in key financing segments of the market we will be able to achieve more competition from other financing market participants, which we believe improves pricing and service to our dealers and retail customers.

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire Ally Financial's automotive finance and financial services operations in Europe and Latin America. Additionally in November 2012 GM Financial entered into a share transfer agreement with Ally Financial to acquire Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China. The purchases will allow GM Financial to support our dealers in markets comprising 80% of our global sales. The combined consideration will be approximately $4.2 billion, subject to certain possible closing adjustments. Pursuant to the transactions, GM Financial's assets are expected to double to approximately $33.0 billion and its liabilities, including consolidated debt, will increase to approximately $27.0 billion compared with $11.8 billion at December 31, 2012. The closings of the transactions are expected to occur in stages throughout 2013.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

In April 2011 GM Financial began originating leases for our customers in Canada. Given the importance of leasing and the previous lack of availability of third-party leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. In August 2012 GM Financial began offering consumer sub-prime financing in Canada.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. During 2011 GM Financial completed the nationwide rollout of the lease product in the U.S. including separate product offerings for prime and sub-prime customers. GM Financial continues to expand its business in targeted areas that it views as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market.

In addition to the financing we provide through GM Financial, we also ensure availability of competitive financing for our customers and dealers through operating relationships with financial institutions. Historically, Ally Financial provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial continues to be the largest third-party provider of the financing for our dealers and customers. We have added relationships with other financial institutions to increase our competitiveness and benefit from additional financing sources, including arrangements to provide incentivized retail financing to our customers in the U.S., Canada, U.K. and Australia.

Focus on Chinese Market

We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy led by our Buick and Chevrolet brands. In the coming years we plan to increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in Chinese markets through a number of joint ventures and maintaining good relations with our joint ventures partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

Refer to Note 10 to our consolidated financial statements for our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Years Ended December 31,		
	2012	2011	2010
Total wholesale vehicles (a)	2,909	2,573	2,348
Market share (b)	14.6%	13.6%	12.8%
Total net sales and revenue	$33,364	$30,511	$25,395
Net income	$ 3,198	$ 3,203	$ 2,808

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 5,522	$ 4,679
Debt	$ 123	$ 106

(a) Including vehicles exported to markets outside of China.

(b) Market share for China market.

GME

During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. European automotive industry sales to retail and fleet customers were 19.0 million vehicles in 2012, representing a 5.6% decrease compared to 2011. In 2012 GME's market share declined to 8.5% from 8.7% in 2011 and the region suffered EBIT (loss)-adjusted of $1.8 billion in 2012 compared to EBIT (loss)-adjusted of $0.7 billion in 2011. During this timeframe, we began to experience deterioration in cash flows.

In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and Peugeot S.A. (PSA), as subsequently discussed. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external

factors which are outside of our control. We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan, which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets and adjusted the carrying amounts and recorded impairment charges of $5.5 billion. As we have reduced the carrying amount of these assets by $5.5 billion, depreciation and amortization expense will be reduced in future periods, including approximately $0.6 billion in the year ending December 31, 2013, which may result in an increase in our reported EBIT-adjusted in GME in subsequent periods. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on our real and personal property and intangible asset impairment charges.

Alliance with PSA

In February 2012 we entered into an agreement with PSA to create a long-term and broad-scale global strategic alliance that is expected to leverage the combined strengths and capabilities of the two companies, contribute to our profitability and improve our competitiveness in Europe. In March 2012 we acquired a seven percent equity stake in PSA for $0.4 billion; against which we recorded impairment charges of $0.2 billion in the three months ended December 31, 2012. In June 2012 we entered into a long-term exclusive service agreement with Gefco, a wholly-owned subsidiary of PSA, to provide logistics services in Europe beginning in 2013. In December 2012 PSA sold its controlling interest in Gefco to an unrelated third-party, however the sale has no impact to the long-term exclusive service agreement. In December 2012 we entered into a product development agreement to jointly develop and share certain vehicle platforms, components and modules; and we also signed a definitive agreement to create a joint purchasing organization in Europe supported by a purchasing joint venture for the sourcing of commodities, components and other goods and services based on the combined purchasing reach of both companies to realize purchasing synergies.

Purchase of Common Stock

In December 2012 we purchased 200 million shares of our common stock from the UST for total consideration of $5.5 billion. We recorded a charge of $0.4 billion in Other automotive expenses, net, which represents a premium to the prior day's closing price. The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of the transaction to purchase our common stock. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment which contained certain manufacturing volume requirements. Additionally, the UST publicly announced its intention to sell the remainder of its holdings of our common stock within 12 to 15 months after the execution of this transaction subject to market conditions.

UST Invested Capital

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the debtor-in-possession credit agreement, excluding $0.4 billion which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial preferred membership interests previously held by Old GM in May 2009. At December 31, 2012 the UST had received cumulative proceeds of $28.6 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $20.9 billion at December 31, 2012.

Restructuring Activities, Special Attrition Programs, Labor Agreements and Benefit Plan Changes

We have previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities.

Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of $0.4 billion and had affected a total of 2,550 employees, of which $0.3 billion related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional $0.2 billion, which will affect an additional 700 employees.

In the year ended December 31, 2012 GMIO and GMSA each recorded charges of $0.1 billion related to additional separation programs implemented in Korea, Australia and Brazil.

2012 CAW Labor Agreement

In September 2012 we entered into a collective bargaining labor agreement with the Canadian Auto Workers Union (CAW), which was ratified in September 2012. The agreement covers the wages, hours, benefits and other terms and conditions of employment of the CAW represented employees. The key terms and provisions of the agreement are:

- Lump-sum payments of Canadian Dollar (CAD) $3,000 to certain CAW employees were made in October 2012 and additional lump-sum payments of CAD $2,000 will be paid annually in December of 2013, 2014, and 2015. The lump-sum payments will be amortized over the four year agreement.
- Hourly employees who retire on or after January 1, 2013 will be offered a new lump-sum distribution option at retirement in the defined benefit pension plan and new hires will be covered by a hybrid defined benefit/defined contribution pension plan. The lump-sum payment option had an insignificant effect on the defined benefit pension plan and has been recognized in the year-end plan remeasurement for 2012.
- Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. This may range up to $0.1 billion and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.
- During the life of the agreement and subject to market conditions and demand, we plan to make total manufacturing program investments of $0.7 billion.

2011 GM-UAW Labor Agreement

In September 2011 we entered into a collective bargaining labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The agreement covers the wages, hours, benefits and other terms and conditions of employment for our UAW represented employees. The key terms and provisions of the agreement are:

- Lump-sum payments totaling $0.4 billion to eligible U.S. hourly employees in 2011 through 2014. The lump-sum payments are being amortized over the four year agreement period.
- Termination in 2012 of a cash balance pension plan for entry level employees. Participants in this plan and all employees hired on or after October 1, 2007 participate in a defined contribution plan.
- A plan which provides legal services to U.S. hourly employees and retirees will be terminated on December 31, 2013. In September 2011 we remeasured this plan resulting in a decrease of $0.3 billion in the other postretirement benefits (OPEB) liability and a corresponding pre-tax increase in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

- The profit sharing plan formula is based on GMNA earnings before interest and taxes (EBIT)-adjusted and was effective beginning with the 2011 plan year. The profit sharing payment is capped at $12,000 per employee per year.
- Cash severance incentive programs which were completed in March 2012. A total of 1,400 skilled trades employees participated in the program at a total cost of $0.1 billion. Substantially all of the program cost was recorded in the three months ended March 31, 2012.
- During the four year agreement period we plan to make additional manufacturing investments of more than $2.0 billion to create or retain more than 6,300 UAW jobs.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent Canadian Health Care Trust (HCT) was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $0.7 billion. Refer to Note 18 to our consolidated financial statements for further details regarding the implementation of the HCT.

Benefit Plan Changes

U.S. Salaried Defined Benefit Pension Plan

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $0.3 billion. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $0.7 billion, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.

In August 2012 lump-sum distributions of $3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of $0.1 billion. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of $25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate insurance companies, totaling $1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of $2.5 billion ($2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $0.4 billion, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $0.4 billion is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $0.6 billion primarily associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit). The ongoing annual impact to earnings will be $0.2 billion unfavorable due to a decrease in pension income.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012. Active plan participants began receiving additional contributions in the defined contribution plan in January 2013. We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries utilize the U.S. Dollar as their functional currency because of the hyperinflationary status of the Venezuelan economy. The Venezuelan government has introduced foreign exchange control regulations which make it more difficult to convert Bolivar Fuerte (BsF) to U.S. Dollars. These regulations affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to $1.00 would be changed to BsF 6.3 to $1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of $0.1 billion to $0.2 billion.

Refer to Note 2 to our consolidated financial statements for additional details regarding amounts pending government approval for settlement and the net assets of our Venezuelan subsidiaries.

Sale of Class A Membership in New Delphi

In March 2011 we sold 100% of our Class A Membership Interests in Delphi Automotive LLP (New Delphi) for $3.8 billion. We recorded a gain of $1.6 billion related to the sale. Refer to Note 10 to our consolidated financial statements for further details.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidating Results of Operations (Dollars in Millions)

	Year Ended December 31, 2012				Year Ended December 31, 2011				Year Ended December 31, 2010			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
Net sales and revenue												
Automotive sales and revenue	$150,293	$ —	$ 2	$150,295	$148,869	$ —	$ (3)	$148,866	$135,311	$ —	$—	$135,311
GM Financial revenue	—	1,961	—	1,961	—	1,410	—	1,410	—	281	—	281
Total net sales and revenue	150,293	1,961	2	152,256	148,869	1,410	(3)	150,276	135,311	281	—	135,592
Costs and expenses												
Automotive cost of sales	140,223	—	13	140,236	130,386	—	—	130,386	118,768	—	—	118,768
GM Financial operating expenses	—	418	—	418	—	339	—	339	—	87	—	87
GM Financial interest expenses	—	283	—	283	—	204	—	204	—	37	—	37
GM Financial other expenses	—	516	(10)	506	—	245	(3)	242	—	28	—	28
Automotive selling, general and administrative expense	13,593	—	—	13,593	12,105	—	—	12,105	11,446	—	—	11,446
Other automotive expenses, net	438	—	—	438	58	—	—	58	118	—	—	118
Goodwill impairment charges	27,145	—	—	27,145	1,286	—	—	1,286	—	—	—	—
Total costs and expenses	181,399	1,217	3	182,619	143,835	788	(3)	144,620	130,332	152	—	130,484
Operating income (loss)	(31,106)	744	(1)	(30,363)	5,034	622	—	5,656	4,979	129	—	5,108
Automotive interest expense	489	—	—	489	540	—	—	540	1,098	—	—	1,098
Interest income and other non-operating income, net	845	—	—	845	851	—	—	851	1,531	—	—	1,531
Gains (losses) on extinguishment of debt	(250)	—	—	(250)	18	—	—	18	196	—	—	196
Income (loss) before income taxes and equity income	(31,000)	744	(1)	(30,257)	5,363	622	—	5,985	5,608	129	—	5,737
Income tax expense (benefit)	(35,007)	177	(1)	(34,831)	(295)	185	—	(110)	633	39	—	672
Equity income, net of tax and gain on investments	1,562	—	—	1,562	3,192	—	—	3,192	1,438	—	—	1,438
Net income	5,569	567	—	6,136	8,850	437	—	9,287	6,413	90	—	6,503
Net (income) loss attributable to noncontrolling interests	52	—	—	52	(97)	—	—	(97)	(331)	—	—	(331)
Net income attributable to stockholders	$ 5,621	$ 567	$ —	$ 6,188	$ 8,753	$ 437	$—	$ 9,190	$ 6,082	$ 90	$—	$ 6,172

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

The tables which summarize production volume and sales of new motor vehicles and competitive position are presented in "Item 1. Business."

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, expense and income taxes as well as certain additional amounts. Management does not consider these excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes. Such adjustments include impairment charges related to goodwill and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments. Management believes this measure allows it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT-adjusted is useful in allowing for greater transparency of our core operations and is therefore used by management in its financial and operational decision-making.

While management believes that EBIT-adjusted provides useful information, it is not an operating measure under U.S. GAAP and there are limitations associated with its use. Our calculation of EBIT-adjusted may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT-adjusted has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to stockholders. Due to these limitations, EBIT-adjusted is used as a supplement to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes, and they are excluded from EBIT-adjusted. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income attributable to stockholders and provides supplemental detail of the adjustments, which are presented net of noncontrolling interests (dollars in millions):

	Years Ended December 31,					
	2012		2011		2010	
Automotive						
EBIT-adjusted						
GMNA (a)	$ 6,953	97.7%	$7,194	93.6%	$ 5,688	82.4%
GME (a)	(1,797)	(25.3)%	(747)	(9.7)%	(1,953)	(28.3)%
GMIO (a)	2,191	30.8%	1,897	24.7%	2,262	32.8%
GMSA (a)	271	3.8%	(122)	(1.6)%	818	11.9%
Corporate and eliminations	(502)	(7.0)%	(540)	(7.0)%	86	1.2%
Total automotive EBIT-adjusted	7,116	100.0%	7,682	100.0%	6,901	100.0%
Adjustments	(36,106)		861		447	
Corporate interest income	343		455		465	
Automotive interest expense	489		540		1,098	
Loss on extinguishment of debt	250					
Automotive Financing						
GM Financial income before income taxes	744		622		129	
Consolidated						
Eliminations	(1)		—		—	
Income tax expense (benefit)	(34,831)		(110)		672	
Net income attributable to stockholders	$ 6,188		$9,190		$ 6,172	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.

	Year Ended December 31, 2012					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Goodwill impairment charges	$(26,399)	$ (590)	$(132)	$—	$ —	$(27,121)
Impairment charges of property	—	(3,714)	—	—	—	(3,714)
Impairment charges of intangible assets	—	(1,755)	—	—	—	(1,755)
Pension settlement charges	(2,662)	—	—	—	—	(2,662)
Premium paid to purchase our common stock from the UST	—	—	—	—	(402)	(402)
GM Korea hourly wage litigation	—	—	(336)	—	—	(336)
Impairment charge related to investment in PSA	—	(220)	—	—	—	(220)
Income related to various insurance recoveries	9	7	112	27	—	155
Charge to record General Motors Strasbourg S.A.S. (GMS) assets and liabilities to estimated fair value	—	(119)	—	—	—	(119)
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	68	—	—	68
Total adjustments to EBIT	$(29,052)	$(6,391)	$(288)	$27	$(402)	$(36,106)

	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$1,645	$ —	$ —	$—	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to HKJV	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments to EBIT	$2,394	$(1,016)	$(364)	$63	$(216)	$ 861

	Year Ended December 31, 2010					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on extinguishment of VEBA Note	$ —	$ —	$ —	$—	$ 198	$ 198
Gain on sale of Saab	—	123	—	—	—	123
Gain on acquisition of GMS	—	66	—	—	—	66
Gain on sale of Nexteer Automotive Corporation (Nexteer)	60	—	—	—	—	60
Total adjustments to EBIT	$ 60	$ 189	$ —	$—	$ 198	$ 447

Total Net Sales and Revenue
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
GMNA	$ 94,595	$ 90,233	$ 83,035	$ 4,362	4.8%	$ 7,198	8.7%
GME	22,050	26,757	24,076	(4,707)	(17.6)%	2,681	11.1%
GMIO	27,690	24,761	20,561	2,929	11.8%	4,200	20.4%
GMSA	16,950	16,877	15,379	73	0.4%	1,498	9.7%
GM Financial	1,961	1,410	281	551	39.1%	1,129	n.m.
Total operating segments	163,246	160,038	143,332	3,208	2.0%	16,706	11.7%
Corporate and eliminations	(10,990)	(9,762)	(7,740)	(1,228)	(12.6)%	(2,022)	26.1%
Total net sales and revenue	$152,256	$150,276	$135,592	$ 1,980	1.3%	$14,684	10.8%

n.m. = not meaningful

In the year ended December 31, 2012 Total net sales and revenue increased by $2.0 billion (or 1.3%) due primarily to: (1) favorable vehicle mix of $3.7 billion; (2) favorable vehicle pricing effect of $1.6 billion; (3) increased wholesale volumes of $1.5 billion; (4) increased GM Financial finance income of $0.6 billion; partially offset by (5) unfavorable net foreign currency effect of $3.7 billion due to the weakening of certain currencies against the U.S. Dollar; (6) decreased revenues from powertrain and parts sales of $0.7 billion due to decreased volumes; (7) reduction in favorable lease residual adjustments of $0.5 billion; (8) decreased revenues from rental car leases of $0.2 billion; and (9) decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of $0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by $14.7 billion (or 10.8%) due primarily to: (1) increased wholesale volumes of $8.6 billion representing 403,000 vehicles; (2) favorable net foreign currency effect of $2.6 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) favorable vehicle pricing effect of $1.6 billion due to model year price increases and reduced sales allowances; (4) increased finance income of $1.1 billion due to the acquisition of GM

Financial; (5) increased revenues from powertrain and parts sales of $1.1 billion due to increased volumes; (6) favorable vehicle mix of $0.6 billion; and (7) increased revenue of $0.4 billion due to the acquisition of GMS; partially offset by (8) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

Automotive Cost of Sales

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive cost of sales	$140,236	$130,386	$118,768	$ 9,850	7.6%	$11,618	9.8%
Automotive gross margin	$ 10,059	$ 18,480	$ 16,543	$(8,421)	(45.6)%	$ 1,937	11.7%

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount excluding adjustments. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns.

In the year ended December 31, 2012 Automotive cost of sales increased by $9.9 billion (or 7.6%) due primarily to: (1) unfavorable vehicle mix of $4.1 billion; (2) increased employee costs of $4.1 billion including increased pension settlement losses and decreased net pension and OPEB income and separation costs; (3) impairment charges of $3.7 billion for long-lived assets and intangible assets; (4) increased manufacturing expense of $1.4 billion due to new launches; (5) increased costs of $0.6 billion related to increased wholesale volumes; (6) increased policy and product warranty expense of $0.2 billion; partially offset by (7) favorable net foreign currency effect of $3.3 billion due to the weakening of certain currencies against the U.S. Dollar; (8) decreased engineering expense of $0.5 billion; (9) decreased costs of $0.3 billion related to powertrain and parts sales; and (10) decreased costs of $0.1 billion due to the deconsolidation of VMM in June 2011.

In the year ended December 31, 2011 Automotive cost of sales increased by $11.6 billion (or 9.8%), in line with Total net sales and revenue, due primarily to: (1) increased costs related to wholesale volume increases of $6.3 billion; (2) unfavorable net foreign currency effect of $2.4 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) unfavorable vehicle mix of $2.3 billion; (4) increased material, freight and manufacturing costs of $1.7 billion due to higher commodity prices and to support new vehicle launches; (5) increased costs of $0.8 billion related to powertrain and parts sales; (6) increased engineering costs of $0.7 billion to support new product development; (7) revisions to restructuring reserves of $0.4 billion related to higher than planned employee utilization in 2010 which did not recur in 2011; and (8) increased costs of $0.3 billion due to the acquisition of GMS; partially offset by (9) decreased costs of $0.9 billion due to the sale of Nexteer in November 2010; (10) decreased depreciation and amortization expense of $0.8 billion related to the amortization of technology intangibles and impairment charges for long-lived assets; (11) a gain of $0.7 billion related to the settlement of the HCT in 2011; (12) decreased restructuring charges of $0.5 billion related to our European operations; and (13) increased net pension and OPEB income of $0.3 billion due to plan remeasurements.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive selling, general and administrative expense	$13,593	$12,105	$11,446	$1,488	12.3%	$659	5.8%

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased by $1.5 billion (or 12.3%) due primarily to (1) impairment charges for intangibles and long-lived assets of $1.8 billion; partially offset by (2) favorable net foreign currency effect of $0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

In the year ended December 31, 2011 Automotive selling, general and administrative expense increased by $0.7 billion (or 5.8%) due primarily to: (1) increased advertising and sales promotion expenses of $0.5 billion to support media campaigns and new product launches; (2) unfavorable net foreign exchange effect of $0.2 billion due to the strengthening of certain currencies against the U.S. Dollar; and (3) charges of $0.1 billion related to a single customer's default under various commercial supply agreements; partially offset by (4) legal and other expenses of $0.1 billion primarily related to dealer litigation in 2010 which did not recur in 2011.

Other Automotive Expenses, net

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Other automotive expenses, net	$438	$58	$118	$380	n.m.	$(60)	(50.8)%

n.m. = not meaningful

In the year ended December 31, 2012 Other automotive expenses, net increased by $0.4 billion due primarily to the premium paid of $0.4 billion on the common stock purchase from the UST.

In the year ended December 31, 2011 Other automotive expenses, net was insignificant.

Goodwill Impairment Charges

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Goodwill impairment charges	$27,145	$1,286	$—	$25,859	n.m.	$1,286	n.m.

n.m. = not meaningful

In the year ended December 31, 2012 the Goodwill impairment charges increased by $25.9 billion as we recorded charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012 as compared to $1.0 billion and $0.3 billion in GME and GMIO in 2011. Refer to Note 12 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive interest expense	$489	$540	$1,098	$(51)	(9.4)%	$(558)	(50.8)%

In the year ended December 31, 2012 the decrease in Automotive interest expense was insignificant, as the composition of our debt and related interest rates did not change significantly.

In the year ended December 31, 2011 Automotive interest expense decreased by $0.6 billion (or 50.8%) due primarily to: (1) decreased interest expense related to the UST Credit Agreement, Canadian Loan Agreement (Canadian Loan) and VEBA Note Agreement (VEBA Notes) of $0.3 billion in 2010 which did not recur in 2011; and (2) decreased interest expense related to obligations with Ally Financial of $0.2 billion in 2010.

Interest Income and Other Non-Operating Income, net

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Interest income and other non-operating income, net	$845	$851	$1,531	$(6)	(0.7)%	$(680)	(44.4)%

In the year ended December 31, 2012 Interest income and other non-operating income, net decreased due primarily to: (1) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011 which did not recur in 2012; (2) an impairment charge of $0.2 billion related to our investment in PSA; (3) a charge of $0.1 billion to record GMS assets and liabilities to estimated fair value; (4) decreased interest income of $0.1 billion; (5) derivative losses of $0.1 billion related to fair value adjustments; partially offset by (6) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock in 2011 which did not recur in 2012; (7) income related to insurance recoveries of $0.2 billion.

In the year ended December 31, 2011 Interest income and other non-operating income, net decreased by $0.7 billion (or 44.4%) due primarily to: (1) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock; (2) a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of $0.2 billion in 2010 which did not recur in 2011; (3) gains on the sale of Saab Automobile AB and Saab Automobile GB (collectively Saab) and Nexteer of $0.2 billion in 2010 which did not recur in 2011; and (4) a gain on the acquisition of GMS of $0.1 in 2010 which did not recur in 2011; partially offset by (5) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock.

Gains (Losses) on Extinguishment of Debt

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Gains (losses) on extinguishment of debt	$(250)	$18	$196	$(268)	n.m.	$(178)	(90.8)%

n.m. = not meaningful

In the year ended December 31, 2012, we recorded a loss on extinguishment of debt of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2010 Gain on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Income Tax Expense (Benefit)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Income tax expense (benefit)	$(34,831)	$(110)	$672	$(34,721)	n.m.	$(782)	n.m.

n.m. = not meaningful

In the year ended December 31, 2012 income tax benefit increased by $34.7 billion due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S. and Canada in 2012 as compared to $0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of $1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of $1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of $0.6 billion related to the U.S. salary pension plan.

In the year ended December 31, 2011 income tax benefit of $0.1 billion decreased by $0.8 billion compared to income tax expense of $0.7 billion in 2010 due primarily to: (1) a $0.5 billion valuation allowance reversal in Australia; and (2) an increase in recognition of previously unrecognized tax benefits of $0.2 billion which included reductions to interest expense and associated valuation allowances.

Refer to Note 21 to our consolidated financial statements for additional information related to our income tax expense (benefit).

Equity Income, Net of Tax and Gain on Investments

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
China JVs	$1,521	$1,511	$1,297	$ 10	0.7%	$ 214	16.5%
New Delphi (including gain on disposition)	—	1,727	117	(1,727)	n.m.	1,610	n.m.
Others	41	(46)	24	87	n.m.	(70)	n.m.
Total equity income, net of tax and gain on investments	$1,562	$3,192	$1,438	$(1,630)	(51.1)%	$1,754	122.0%

n.m. = not meaningful

In the year ended December 31, 2012 Equity income, net of tax and gain on investments decreased by $1.6 billion (or 51.1%) due primarily to: (1) a $1.6 billion gain related to the sale of our New Delphi Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012. Income from our China JVs increased slightly.

In the year ended December 31, 2011 Equity income, net of tax and gain on investments increased by $1.8 billion (or 122.0%) due primarily to a gain of $1.6 billion related to the sale of our New Delphi Class A Membership Interests and increased equity income related to our China JVs of $0.2 billion.

Consolidating Financial Condition
(In millions, except share amounts)

	December 31, 2012				December 31, 2011			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
ASSETS								
Current Assets								
Cash and cash equivalents	$ 17,133	$ 1,289	$ —	$ 18,422	$ 15,499	$ 572	$ —	$ 16,071
Marketable securities	8,988	—	—	8,988	16,148	—	—	16,148
Restricted cash and marketable securities	220	466	—	686	206	799	—	1,005
Accounts and notes receivable, net	10,384	34	(23)	10,395	9,949	52	(37)	9,964
GM Financial finance receivables, net	—	4,089	(45)	4,044	—	3,251	—	3,251
Inventories	14,714	—	—	14,714	14,324	—	—	14,324
Equipment on operating leases, net	1,782	—	—	1,782	2,464	—	—	2,464
Deferred income taxes	9,369	59	1	9,429	526	1	—	527
Other current assets	1,487	60	(11)	1,536	1,131	45	(7)	1,169
Total current assets	64,077	5,997	(78)	69,996	60,247	4,720	(44)	64,923
Non-current Assets								
Restricted cash and marketable securities	380	302	—	682	912	316	—	1,228
GM Financial finance receivables, net	—	6,955	(1)	6,954	—	5,911	—	5,911
Equity in net assets of nonconsolidated affiliates	6,883	—	—	6,883	6,790	—	—	6,790
Property, net	24,144	52	—	24,196	22,957	47	1	23,005
Goodwill	695	1,278	—	1,973	27,741	1,278	—	29,019
Intangible assets, net	6,809	—	—	6,809	10,013	1	—	10,014
GM Financial equipment on operating leases, net	—	1,703	(54)	1,649	—	809	(24)	785
Deferred income taxes	27,883	38	1	27,922	514	(2)	—	512
Other assets	2,873	43	(558)	2,358	2,686	32	(302)	2,416
Total non-current assets	69,667	10,371	(612)	79,426	71,613	8,392	(325)	79,680
Total Assets	$133,744	$16,368	$(690)	$149,422	$131,860	$13,112	$(369)	$144,603
LIABILITIES AND EQUITY								
Current Liabilities								
Accounts payable (principally trade)	$ 25,132	$ 57	$ (23)	$ 25,166	$ 24,531	$ 58	$ (38)	$ 24,551
Short-term debt and current portion of long-term debt								
Automotive	1,792	—	(44)	1,748	1,682		—	1,682
GM Financial	—	3,770	—	3,770	—	4,118	—	4,118
Accrued liabilities	23,168	170	(30)	23,308	22,767	119	(11)	22,875
Total current liabilities	50,092	3,997	(97)	53,992	48,980	4,295	(49)	53,226
Non-current Liabilities								
Long-term debt								
Automotive	3,425	—	(1)	3,424	3,613	—	—	3,613
GM Financial	—	7,108	—	7,108	—	4,420	—	4,420
Postretirement benefits other than pensions	7,309	—	—	7,309	6,836	—	—	6,836
Pensions	27,420	—	—	27,420	25,075	—	—	25,075
Other liabilities and deferred income taxes	13,048	712	(591)	13,169	12,355	406	(319)	12,442
Total non-current liabilities	51,202	7,820	(592)	58,430	47,879	4,826	(319)	52,386
Total Liabilities	101,294	11,817	(689)	112,422	96,859	9,121	(368)	105,612
Commitments and contingencies								
Equity								
Preferred stock, $0.01 par value								
Series A	5,536	—	—	5,536	5,536	—	—	5,536
Series B	4,855	—	—	4,855	4,855	—	—	4,855
Common stock, $0.01 par value	14	—	—	14	16	—	—	16
Capital surplus (principally additional paid-in capital)	23,834	—	—	23,834	26,391	—	—	26,391
Retained earnings	5,503	4,554	—	10,057	3,186	3,998	(1)	7,183
Accumulated other comprehensive loss	(8,048)	(3)	(1)	(8,052)	(5,854)	(7)	—	(5,861)
Total stockholders' equity	31,694	4,551	(1)	36,244	34,130	3,991	(1)	38,120
Noncontrolling interests	756	—	—	756	871	—	—	871
Total Equity	32,450	4,551	(1)	37,000	35,001	3,991	(1)	38,991
Total Liabilities and Equity	$133,744	$16,368	$(690)	$149,422	$131,860	$13,112	$(369)	$144,603

Current Assets

Marketable securities decreased by $7.2 billion (or 44.3%) due primarily to our reinvesting in shorter-term cash equivalents as these marketable securities matured to rebalance our securities portfolio in the normal course of business.

GM Financial finance receivables, net increased by $0.8 billion (or 24.4%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by principal collections.

Equipment on operating lease, net decreased by $0.7 billion (or 27.7%) due primarily to depreciation expense and impairment charges of $0.4 billion in the year ended December 31, 2012 and a net decrease of $0.3 billion in vehicles under lease.

Deferred income taxes increased by $8.9 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

Non-Current Assets

Restricted cash and marketable securities decreased by $0.5 billion (or 44.5%) due primarily to the release of restricted cash and marketable securities that previously served as collateral on various performance guarantees that are no longer required.

GM Financial finance receivables, net increased by $1.0 billion (or 17.6%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by expected principal payments considered current.

Goodwill decreased by $27.0 billion (or 93.2%) due to the impairment charges in GMNA of $26.4 billion and in GME of $0.6 billion and GMIO of $0.2 billion; partially offset by additions of $0.1 billion related to the acquisition of SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV).

Intangible assets, net decreased by $3.2 billion (or 32.0%) due primarily to impairment charges in GME of $1.8 billion and amortization of $1.6 billion; partially offset by additions of $0.1 billion related to the acquisition of HKJV.

GM Financial equipment on operating leases, net increased by $0.9 billion (or 110.1%) due primarily to a net increase in leased vehicles purchased in the U.S. and Canada of $1.2 billion; partially offset by depreciation of $0.2 billion.

Deferred income taxes increased by $27.4 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

Non-Current Liabilities

GM Financial long-term debt increased by $2.7 billion (or 60.8%) due primarily to: (1) the issuance of securitization notes payable of $4.1 billion; (2) the issuance of 4.75% senior notes of $1.0 billion; partially offset by (3) long-term debt reclassed to current of $2.5 billion.

GM North America
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	**2011**	**2010**	**Amount**	**%**	**Amount**	**%**
Total net sales and revenue	$94,595	$90,233	$83,035	$4,362	4.8%	$7,198	8.7%
EBIT-adjusted	$ 6,953	$ 7,194	$ 5,688	$ (241)	(3.4)%	$1,506	26.5%

GMNA Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $4.4 billion (or 4.8%) due primarily to: (1) increased wholesale volumes of $3.9 billion representing 156,000 vehicles (or 4.9%) due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix of $1.1 billion; and (3) favorable vehicle pricing of $0.5 billion; partially offset by (4) reduction in favorable lease residual adjustments of $0.5 billion; and (5) unfavorable net foreign currency effect of $0.2 billion due to the weakening of the CAD and Mexican Peso against the U.S. Dollar.

In the year ended December 31, 2011 Total net sales and revenue increased by $7.2 billion (or 8.7%) due primarily to: (1) increased wholesale volumes of $7.3 billion representing 299,000 vehicles (or 10.3%) due to increased industry demand and successful recent vehicle launches such as the Chevrolet Cruze, Chevrolet Equinox and GMC Terrain; (2) favorable vehicle pricing of $1.1 billion; (3) increased revenues from Customer Care and Aftersales of $0.4 billion due to increased volumes; and (4) favorable net foreign currency effect of $0.3 billion due to the strengthening of the CAD against the U.S. Dollar; partially offset by (5) unfavorable vehicle mix of $1.1 billion; and (6) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

GMNA EBIT -Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 150% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2012 EBIT-adjusted decreased by $0.2 billion (or 3.4%) due primarily to: (1) decrease in U.S. pension income of $0.8 billion due to December 31, 2011 plan remeasurements; (2) increase in manufacturing expense, including new launches, of $0.6 billion; (3) reduction in favorable lease residual adjustments of $0.5 billion; (4) unfavorable net vehicle mix of $0.3 billion; and (5) unfavorable policy and warranty adjustments of $0.2 billion; partially offset by (6) increased net wholesale volumes of $1.1 billion due to increased industry demand and successful recent vehicle launches; (7) favorable vehicle pricing effect of $0.5 billion; (8) decreased material prices and freight of $0.4 billion; and (9) decreased engineering expense and other technology fees of $0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted increased by $1.5 billion (or 26.5%) due primarily to: (1) increased net wholesale volumes of $1.9 billion due to increased industry demand and successful recent vehicle launches; (2) favorable vehicle pricing effect of $1.1 billion; (3) decreased amortization expense of $0.7 billion due to the effect of double-declining amortization of technology intangibles which were recorded on July 10, 2009 and impairment charges for long-lived assets in 2010; (4) favorable foreign currency effect of $0.5 billion due to the weakening of the CAD against the U.S. Dollar; and (5) increase in net pension and OPEB income of $0.3 billion due to December 31, 2010 plan remeasurements; partially offset by (6) unfavorable net vehicle mix of $1.8 billion; (7) increased engineering expense and other technology fees of $0.5 billion to support new product development; (8) increased material prices and freight of $0.4 billion; and (9) reduction in favorable adjustments of $0.4 billion to restructuring reserves due to increased production capacity utilization and revisions to productivity initiatives in 2010.

GM Europe
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$22,050	$26,757	$24,076	$(4,707)	(17.6)%	$2,681	11.1%
EBIT (loss)-adjusted	$ (1,797)	$ (747)	$ (1,953)	$(1,050)	n.m.	$1,206	(61.8)%

GME Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue decreased by $4.7 billion (or 17.6%) due primarily to: (1) decreased wholesale volumes of $2.7 billion representing 182,000 vehicles (or 14.4%) due to the weak European economy; (2) unfavorable foreign currency effect of $1.7 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; (3) decreased parts, accessories and powertrain engine and transmission sales of $0.4 billion associated with lower demand; (4) a decrease of $0.2 billion due to unfavorable price effects primarily resulting from increased incentive support associated with strong competition; (5) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011; (6) a decrease of $0.1 billion in components sales; partially offset by (7) favorable vehicle mix of $0.5 billion due to the new generation Astra GTC, Opel Mokka, and Ampera and increased sales of other higher priced vehicles.

In the year ended December 31, 2011 Total net sales and revenue increased by $2.7 billion (or 11.1%) due primarily to: (1) favorable foreign currency effect of $1.1 billion, due to the strengthening of the Euro, British Pound and Swiss Franc against the U.S. Dollar; (2) favorable vehicle mix of $1.1 billion due to the new generation Opel Meriva and Opel Astra and increased sales of other higher priced vehicles; (3) revenue from GMS of $0.4 billion, which we acquired in 2010; (4) increased powertrain engine and transmission sales of $0.3 billion, in support of the Chevrolet Cruze and Chevrolet Volt; (5) increased components sales of $0.2 billion; and (6) increased volumes of $0.1 billion due primarily to a 16,000 vehicles (or 1.3%) increase in wholesales; partially offset by (7) a reduction in Saab brand sales of $0.2 billion related to the sale of Saab in 2010; and (8) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2012 EBIT (loss)-adjusted increased by $1.1 billion due primarily to: (1) decreased volumes of $0.5 billion; (2) unfavorable net vehicle mix of $0.4 billion; (3) a decrease of $0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; (4) decreased parts, accessories and powertrain engine and transmission sales of $0.2 billion, associated with lower demand; (5) a decrease of $0.2 billion due to unfavorable price effects; partially offset by (6) lower manufacturing and material costs of $0.4 billion and (7) favorable net foreign currency effect of $0.1 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound.

In the year ended December 31, 2011 EBIT (loss)-adjusted decreased by $1.2 billion (or 61.8%) due primarily to: (1) higher restructuring charges of $0.5 billion recorded in 2010 for separation programs in Belgium, Spain, Germany and the United Kingdom; (2) decreased manufacturing costs of $0.3 billion related to the closing of the Antwerp, Belgium facility and European wide labor savings; (3) favorable net vehicle mix of $0.2 billion; (4) an increase of $0.2 billion in an embedded foreign currency exchange derivative asset associated with a long-term supply agreement entered into in 2010; (5) EBIT-adjusted from GMS of $0.1 billion; offset by (6) unfavorable net foreign currency effect of $0.1 billion; and (7) charges of $0.1 billion related to a single customer's default under various commercial supply agreements.

GM International Operations
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$27,690	$24,761	$20,561	$2,929	11.8%	$4,200	20.4%
EBIT-adjusted	$ 2,191	$ 1,897	$ 2,262	$ 294	15.5%	$ (365)	(16.1)%

GMIO Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $2.9 billion (or 11.8%) due primarily to: (1) increased wholesale volumes of $2.4 billion representing 146,000 vehicles due primarily to strong industry growth across the region; (2) favorable vehicle pricing of $0.8 billion due to higher pricing on new models launched and (3) favorable vehicle mix of $0.4 billion due to increased export of new products; partially offset by (4) unfavorable net foreign currency effect of $0.6 billion due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar; and (5) unfavorable components, parts and accessories sales of $0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by $4.2 billion (or 20.4%) due primarily to: (1) increased wholesale volume of $2.7 billion representing 113,000 vehicles due to strong industry growth across the region; (2) favorable net foreign currency effect of $0.8 billion due to the strengthening of currencies such as the Australian Dollar, the Korean Won and the Euro against the U.S. Dollar; (3) favorable vehicle mix of $0.5 billion due to launches of the Alpheon and Chevrolet Orlando; and (4) favorable vehicle pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives.

The vehicle sales of our China JVs and of HKJV prior to September 1, 2012, the date we consolidated HKJV, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income, net of tax and gain on investments. Refer to Notes 4 and 10 to our consolidated financial statements for further detail on the acquisition of HKJV.

GMIO EBIT-Adjusted

In the year ended December 31, 2012 EBIT-adjusted increased by $0.3 billion (or 15.5%) due primarily to: (1) favorable pricing of $0.8 billion due to higher pricing on new models launched; (2) favorable net wholesale volumes of $0.5 billion and (3) net gain of $0.1 billion measured as the difference between the fair value of our 50% interest in HKJV and the investment’s carrying amount at the date of acquisition; partially offset by (4) increased costs of $0.9 billion due primarily to increased material, freight and manufacturing costs; and (5) unfavorable net vehicle mix of $0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted decreased by $0.4 billion (or (16.1)%) due primarily to: (1) increased engineering expenses and other technology fees of $0.5 billion to support new product development; (2) increased material, depreciation and amortization and other manufacturing costs of $0.3 billion; (3) unfavorable net vehicle mix of $0.2 billion; (4) increased advertising and sales promotion expenses of $0.2 billion to support media campaigns for launches of new products and the launch of the Chevrolet brand in Korea; (5) unfavorable net foreign currency effect of $0.1 billion; partially offset by (6) favorable net wholesale volumes of $0.5 billion; (7) favorable pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives; (8) increased equity income, net of tax, $0.2 billion from the operating results of our China JVs; and (9) decreased non-controlling interest of $0.2 billion attributable to minority shareholders.

GM South America
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$16,950	$16,877	$15,379	$ 73	0.4%	$1,498	9.7%
EBIT (loss)-adjusted	$ 271	$ (122)	$ 818	$393	n.m.	$ (940)	n.m.

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $0.1 billion (or 0.4%) due primarily to: (1) favorable vehicle mix of $1.6 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of $0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; and (3) increased revenue from parts and accessories sales of $0.1 billion; partially offset by (4) unfavorable net foreign currency effect of $1.5 billion, due to the strengthening of the U.S. dollar against major currencies such as the Brazilian Real and Argentinian Peso; and (5) decreased wholesale volumes of $0.6 billion representing 44,000 vehicles (or 4.0%) due to deteriorated market share driven by increased competition and aggressive pricing in the market.

In the year ended December 31, 2011 Total net sales and revenue increased by $1.5 billion (or 9.7%) due primarily to: (1) increased wholesale volumes of $0.6 billion representing 59,000 vehicles (or 5.7%) due to improved macroeconomic conditions and industry growth throughout the region; (2) favorable net foreign currency effect of $0.5 billion, due to the strengthening of currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due primarily to the hyperinflationary economy in Venezuela; and (4) favorable vehicle mix of $0.1 billion due primarily to increased sales of the Chevrolet Cruze.

GMSA EBIT (Loss)-Adjusted

In the year ended December 31, 2012 EBIT-adjusted was $0.3 billion compared to EBIT (loss)-adjusted of $0.1 billion in the year ended December 31, 2011 due primarily to: (1) favorable net vehicle mix of $0.5 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of $0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; (3) decreases in contingency reserves of $0.1 billion due to the resolution of certain items at amounts lower than previously expected; and (4) a bargain purchase gain of $50 million on the purchase of GMAC Venezuela; partially offset by (5) increased material, freight and manufacturing costs of $0.5 billion, (6) unfavorable net wholesale volumes of $0.2 billion; and (7) increased administrative and advertising and sales promotion expenses of $0.1 billion to support launches of new products.

In the year ended December 31, 2011 EBIT-adjusted was a loss of $0.1 billion compared to EBIT-adjusted of $0.8 billion in the year ended December 31, 2010 due primarily to: (1) increased material and freight of $0.7 billion; (2) increased manufacturing costs of $0.3 billion; and (3) foreign currency transaction gains of $0.3 billion recorded in 2010 due to preferential foreign currency exchange rates in Venezuela, which were discontinued in 2011; and (4) unfavorable $0.1 billion related to separation costs; partially offset by (5) favorable vehicle pricing effect of $0.3 billion due primarily to the hyperinflationary economy in Venezuela.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010.

GM Financial
(Dollars in Millions)

	Years Ended December 31,		Three Months Ended December 31,	Year Ended 2012 vs. 2011 Change	
	2012	2011	2010	Amount	%
Total revenue	$1,961	$1,410	$281	$551	39.1%
Income before income taxes	$ 744	$ 622	$129	$122	19.6%

GM Financial Revenue

In the year ended December 31, 2012 Total revenue increased by $0.6 billion (or 39.1%) due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2011 Total revenue included finance charge income of $1.2 billion and other income of $0.2 billion.

In the three months ended December 31, 2010 Total revenue included finance charge income of $0.3 billion. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010.

GM Financial Income Before Income Taxes

In the year ended December 31, 2012 Income before income taxes increased by $0.1 billion (or 19.6%) due primarily to: (1) increased revenue of $0.6 billion; partially offset by (2) increased leased vehicle expenses of $0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses of $0.1 billion due to a larger loan portfolio; (4) increased interest expenses of $0.1 billion primarily due to new debt; and (5) increased operating expenses of $0.1 billion due to an increase of personnel to support company growth.

Average debt outstanding in the year ended December 31, 2012 was $9.5 billion and the effective rate of interest of debt was 3.0%.

In the year ended December 31, 2011 results included: (1) Total revenue of $1.4 billion; partially offset by (2) operating and leased vehicle expenses of $0.4 billion; (3) interest expense of $0.2 billion; and (4) provision for loan losses of $0.2 billion. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, and other unsecured debt.

Average debt outstanding in the year ended December 31, 2011 was $7.6 billion and the effective rate of interest of debt was 2.7%.

In the three months ended December 31, 2010 results included: (1) Total revenue of $0.3 billion; partially offset by (2) operating and leased vehicle expenses of $0.1 billion; and; (3) other collectively insignificant items.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest debt was 2.0%.

Corporate
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$ 40	$ 61	$ 134	$ (21)	(34.4)%	$ (73)	(54.5)%
Net income (loss) attributable to stockholders	$33,814	$(453)	$(877)	$34,267	n.m.	$424	(48.3)%

n.m. = not meaningful

Nonsegment operations are classified as Corporate. Corporate includes an investment in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, and certain nonsegment specific revenues and expenses.

Corporate Total Net Sales and Revenue

Total net sales and revenue includes revenue earned for portfolio management services performed for third-parties and the change in the year ended December 31, 2012 was insignificant.

In the year ended December 31, 2011 Total net sales and revenue decreased by $0.1 billion (or 54.5%) due primarily to decreased revenue earned on portfolio management services performed for third-parties due to the planned reduction of third-party assets managed and decreased lease financing revenues related to the liquidation of the portfolio of automotive retail leases. Average outstanding retail leases on-hand decreased to a de minimus level at December 31, 2011 compared to 7,000 at December 31, 2010.

Corporate Net Income (Loss) Attributable to Stockholders

In the year ended December 31, 2012 Net income attributable to stockholders increased by $34.3 billion due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S and Canada in 2012 as compared to $0.5 billion in Australia in 2011, offset by other 2012 tax-related matters of $0.9 billion; and (2) an impairment charge of $0.6 billion in our investment in Ally Financial common stock in 2011; offset by (3) the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; (4) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011; and (5) loss on extinguishment of debt in 2012 of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2011 Net loss attributable to stockholders decreased by $0.4 billion (or 48.3%) due primarily to: (1) an income tax benefit of $0.3 billion compared to income tax expense of $0.6 billion in 2010; (2) decreased interest expense of $0.6 billion due to lower debt balances; and (3) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock; offset by (4) an impairment charge of $0.6 billion on our investment in Ally Financial common stock; (5) gains on the extinguishment of debt of $0.2 billion related to the repayment of the VEBA Notes and the elimination of the liability for the Adjustment Shares of $0.2 billion in 2010; and (6) other collectively insignificant items.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our known material future uses of cash which may vary from time to time based on market conditions and other factors include, among other possible demands in 2013: (1) reinvestment in our business through capital expenditures of approximately $8 billion as well as engineering and product

development activities; (2) acquiring certain Ally Financial international operations for approximately $4.2 billion; (3) payments to service debt and other long-term obligations; (4) dividend payments on our Series A and Series B Preferred Shares of $0.9 billion; and (5) certain litigation and income and indirect tax-related administrative proceedings that may require that we make payments or deposit funds in escrow estimated at $0.8 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

Maintaining minimal financial leverage remains a key strategic initiative. We continue to monitor and evaluate opportunities to optimize our liquidity position and capital structure in order to strengthen our balance sheet including options to fund and derisk our pension plans. We continue to evaluate potential repayments of obligations prior to maturity, certain of which may be deeply discounted. Any such repayments may negatively affect our liquidity in the short-term.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day's closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder's equity of $5.1 billion and a charge to earnings of $0.4 billion, representing the premium and recorded in Other automotive expenses, net.

In the year ended December 31, 2012 we made prepayments of $0.8 billion on debt obligations with a carrying amount of $0.5 billion. We recorded a loss on extinguishment of debt of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities replaced our five-year, $5.0 billion secured revolving credit facility and provide additional liquidity, improved terms and increased financing flexibility including the ability to borrow in currencies other than U.S. dollars. The facilities are described below in greater detail.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company to pay and administer future annuity payments to certain of our salaried retirees. We provided the salaried pension plan with funding through contributions and short-term interest free loans of $2.4 billion, of which $2.3 billion was deemed a pension contribution at December 31, 2012. Refer to Note 18 to our consolidated financial statements for additional details on pension activities.

Investment Actions

From time to time we consider the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire substantially all of Ally Financial's automotive finance and financial services business in Europe and Latin America and Ally Financial's equity interests in GMAC-SAIC that conducts automotive finance services operations in China. The purchase price to acquire this business and equity interests is approximately $4.2 billion, subject to certain possible closing adjustments, and is expected to close in stages during 2013. Refer to Note 4 to our consolidated financial statements for additional information on our agreement to acquire certain Ally Financial international operations.

In September 2012 we acquired security interests in the mandatorily redeemable preferred shares issued by GM Korea for $0.3 billion. The transaction did not meet the criteria for an extinguishment of the liability. Therefore we have classified these interests as an available-for-sale marketable security. GM Korea has since partially redeemed the mandatorily redeemable preferred shares which reduced the fair value of the security interests we hold to $0.2 billion at December 31, 2012.

In February 2012 we entered into an agreement with PSA to create an alliance to leverage the strengths and capabilities of our two companies and acquired a seven percent equity stake in PSA for $0.4 billion; against which we recorded impairment charges of $0.2 billion in the three months ended December 31, 2012. Refer to Note 7 to our consolidated financial statements for additional information on our investment in PSA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidating Statements of Cash Flows
(In millions)

	Year Ended December 31, 2012			Year Ended December 31, 2011			Year Ended December 31, 2010		
	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated
Cash flows from operating activities									
Net income	$ 5,569	$ 567	$ 6,136	$ 8,850	$ 437	$ 9,287	$ 6,413	$ 90	$ 6,503
Depreciation, impairment charges and amortization expense	38,546	216	38,762	7,344	83	7,427	6,923	7	6,930
Foreign currency remeasurement and transaction (gains) losses	117	—	117	56	(1)	55	209	1	210
Amortization of discount (premium) and issuance costs on debt issues	189	(1)	188	200	(40)	160	163	(28)	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	—	(179)	(1,947)	—	(1,947)	(753)	—	(753)
Pension contributions and OPEB payments	(3,759)	—	(3,759)	(2,269)	—	(2,269)	(5,723)	—	(5,723)
Pension and OPEB (income) expense, net	3,232	—	3,232	(755)	—	(755)	412	—	412
(Gains) losses on extinguishment of debt	250	—	250	(18)	—	(18)	(196)	—	(196)
Provisions (benefits) for deferred taxes	(35,462)	(99)	(35,561)	(311)	(7)	(318)	242	12	254
Change in other investments and miscellaneous assets	(57)	—	(57)	(155)	—	(155)	(137)	—	(137)
Change in other operating assets and liabilities	630	57	687	(3,897)	(70)	(3,967)	(981)	15	(966)
Other operating activities	555	234	789	331	335	666	17	94	111
Net cash provided by operating activities	9,631	974	10,605	7,429	737	8,166	6,589	191	6,780
Cash flows from investing activities									
Expenditures for property	(8,055)	(13)	(8,068)	(6,241)	(8)	(6,249)	(4,200)	(2)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	—	(4,650)	(20,535)	—	(20,535)	(11,012)	—	(11,012)
Trading marketable securities, acquisitions	(6,234)	—	(6,234)	(6,571)	—	(6,571)	(358)	—	(358)
Available-for-sale marketable securities, liquidations	10,519	—	10,519	15,825	—	15,825	5,611	—	5,611
Trading marketable securities, liquidations	7,267	—	7,267	660	—	660	343	—	343
Acquisition of companies, net of cash acquired (a)	(44)	—	(44)	(53)	—	(53)	(3,580)	538	(3,042)
Increase due to consolidation of business units	—	—	—	—	—	—	63	—	63
Proceeds from sale of business units/investments, net	18	—	18	4,821	—	4,821	317	—	317
Increase in restricted cash and marketable securities	(525)	(136)	(661)	(543)	(185)	(728)	(871)	(47)	(918)
Decrease in restricted cash and marketable securities	1,043	483	1,526	1,894	173	2,067	13,823	92	13,915
Purchases and originations of finance receivables	—	(6,789)	(6,789)	—	(5,012)	(5,012)	—	(947)	(947)
Principal collections and recoveries on finance receivables	—	4,674	4,674	—	3,719	3,719	—	871	871
Purchases of leased vehicles, net	—	(1,050)	(1,050)	—	(837)	(837)	—	(11)	(11)
Proceeds from termination of leased vehicles	4	55	59	9	38	47	346	—	346
Other investing activities	(72)	—	(72)	106	—	106	236	21	257
Net cash provided by (used in) investing activities	(729)	(2,776)	(3,505)	(10,628)	(2,112)	(12,740)	718	515	1,233
Cash flows from financing activities									
Net increase (decrease) in short-term debt	(247)	—	(247)	131	—	131	(1,097)	—	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	436	8,600	9,036	467	8,567	9,034	718	1,168	1,886
Payments on debt (original maturities greater than three months)	(1,143)	(6,234)	(7,377)	(1,471)	(6,997)	(8,468)	(10,536)	(1,675)	(12,211)
Proceeds from issuance of stock	4	—	4	11	—	11	4,857	—	4,857
Payments to purchase stock	(5,098)	—	(5,098)	—	—	—	(1,462)	—	(1,462)
Payments to acquire noncontrolling interest	—	—	—	(100)	—	(100)	(6)	—	(6)
Debt issuance costs and fees paid for debt modifications	(72)	(48)	(120)	—	(50)	(50)	(161)	(4)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	—	(939)	(916)	—	(916)	(1,572)	—	(1,572)
Net cash provided by (used in) financing activities	(7,059)	2,318	(4,741)	(1,878)	1,520	(358)	(9,259)	(511)	(9,770)
Effect of exchange rate changes on cash and cash equivalents	(9)	1	(8)	(250)	(3)	(253)	(57)	—	(57)
Net transactions with Automotive/GM Financial	(200)	200	—	(235)	235	—	—	—	—
Net increase (decrease) in cash and cash equivalents	1,634	717	2,351	(5,562)	377	(5,185)	(2,009)	195	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	—	—	—	—	391	—	391
Cash and cash equivalents at beginning of period	15,499	572	16,071	21,061	195	21,256	22,679	—	22,679
Cash and cash equivalents at end of period	$ 17,133	$ 1,289	$ 18,422	$ 15,499	$ 572	$ 16,071	$ 21,061	$ 195	$ 21,256

(a) Represents cash on hand at acquisition for GM Financial in the year ended December 31, 2010.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2012 our total available liquidity was $37.2 billion, including funds available under credit facilities of $11.1 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2012. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and certificates of deposits and corporate debt securities, and are primarily denominated in U.S. Dollars and CAD. We maintained cash investments in CAD denominated securities of $6.6 billion at December 31, 2012. These cash investments will incur foreign exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign exchange exposure, which primarily relates to pension and OPEB liabilities. We expect to maintain a sufficient amount of CAD deposits and investments to offset the liabilities denominated in CAD and expect the amount of CAD denominated securities to decrease in 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit rating thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers. We actively monitor and manage our liquidity exposure to Europe which is related primarily to short-term bank deposits and short-term debt securities of high-quality European issuers. The following table summarizes our liquidity (dollars in millions):

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$17,133	$15,499
Marketable securities	8,988	16,148
Available liquidity	26,121	31,647
Available under credit facilities	11,119	5,308
Total available liquidity	$37,240	$36,955

Total available liquidity increased by $0.3 billion in the year ended December 31, 2012 due primarily to: (1) cash provided by operating activities of $9.6 billion; and (2) an increase in amounts available under credit facilities of $5.8 billion related to our new secured revolving credit facilities; partially offset by (3) capital expenditures of $8.1 billion; and (4) cash used in financing activities of $7.1 billion relating to the purchase of our common stock, debt prepayments and dividend payments.

Credit Facilities

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. The following table summarizes our credit facilities (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	December 31, 2012 (a)	December 31, 2011	December 31, 2012 (a)	December 31, 2011
Secured revolving credit facilities	$11,000	$5,000	$10,793	$5,000
Other (b)	415	338	326	308
Total	$11,415	$5,338	$11,119	$5,308

(a) GM Financial has not borrowed under the three-year $5.5 billion facility but has the ability to borrow up to $4.0 billion.

(b) Consists of credit facilities available at our foreign subsidiaries that are not individually significant.

Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, $5.5 billion facility and a five-year, $5.5 billion facility. We entered into the secured revolving credit facilities in November 2012 to replace our five-year, $5.0 billion secured revolving credit facility that we entered into in October 2010. Obligations under the new secured revolving credit facilities are secured by the same collateral that had secured our prior facility. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as other certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of $0.5 billion, and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $0.2 billion at December 31, 2012. We may borrow against this facility from time to time for strategic initiatives and for general corporate purposes.

The five-year, $5.5 billion facility is not available to GM Financial and allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $0.5 billion. While we do not expect to draw on the five-year facility, it provides additional liquidity, financing flexibility and is available for general corporate purposes. Refer to Note 17 to our consolidated financial statements for additional details on our secured revolving credit facilities.

We and our subsidiaries use credit facilities to fund working capital needs and other general corporate purposes.

Cash Flow

Operating Activities

In the year ended December 31, 2012 cash flows from operating activities increased by $2.2 billion due primarily to: (1) increase in accrued and other liabilities of $1.7 billion due primarily to dealer and customer sales allowances and warranty; (2) favorable changes in working capital of $1.6 billion including the termination of advance wholesale agreements in GMNA which adversely impacted working capital in 2011; (3) favorable changes in daily rental fleet activities of $0.9 billion; partially offset by (4) an increase in pension contributions and OPEB payments of $1.5 billion relating to the contributions to the Retiree Plan for the purchase of annuity contracts partially offset by OPEB payments relating to the HCT settlement in 2011; and (5) the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012.

In the year ended December 31, 2011 cash flows from operating activities increased by $0.8 billion due primarily to: (1) increased net income excluding depreciation, impairment charges and amortization of $2.9 billion; (2) decreased pension cash contributions and OPEB payments in excess of expense of $2.3 billion; partially offset by (3) unfavorable changes in working capital of $1.6 billion due

to the termination of the advance wholesale agreements and increased production; and (4) other activities of $2.7 billion which include non-cash gains relating to the sale of our investments in New Delphi and Ally Financial preferred stock of $1.9 billion. Significant pension and OPEB related activity included a cash contribution as part of the HCT settlement of $0.8 billion in 2011 and a voluntary contribution made to our U.S. pension plans of $4.0 billion in 2010. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

Investing Activities

In the year ended December 31, 2012 cash flows from investing activities increased by $9.9 billion due primarily to: (1) an increase in net liquidations of marketable securities of $17.5 billion as we reinvested maturing marketable securities in shorter-term cash equivalents to rebalance our investment portfolio in the normal course of business; partially offset by (2) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; (3) increased capital expenditures of $1.8 billion as we continue to reinvest in our business; (4) a decrease in the release of restricted cash of $0.8 billion related primarily to the release of restricted cash associated with implementation of the HCT in 2011; and (5) an increase in notes receivable of $0.2 billion.

In the year ended December 31, 2011 cash flows from investing activities decreased by $11.3 billion due primarily to: (1) a reduction in restricted cash returned from escrow accounts of $11.6 billion; (2) an increase in net acquisitions of marketable securities with maturities exceeding 90 days of $5.2 billion; and (3) increased capital expenditures of $2.0 billion as we continue to reinvest in our business; partially offset by (4) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; and (5) the acquisition of AmeriCredit Corp. for $3.5 billion in 2010. The decrease in restricted cash was due to the release of $1.0 billion following the implementation of the HCT in 2011 and the release of funds held in an escrow account relating to the UST Credit Agreement of $12.5 billion in 2010.

Financing Activities

In the year ended December 31, 2012 cash flows from financing activities decreased by $5.2 billion due primarily to: (1) the purchase price less the applicable premium to acquire our common stock from the UST of $5.1 billion; and (2) issuance fees paid to enter into our new secured revolving credit facilities of $0.1 billion in 2012.

In the year ended December 31, 2011 cash flows from financing activities increased by $7.4 billion due primarily to: (1) a reduction in payments made in excess of proceeds received from debt obligations of $10.0 billion related to the repayment of our indebtedness under the UST Credit Agreement of $5.7 billion, Canadian Loan of $1.3 billion, principal payments of the VEBA Notes of $2.5 billion and repayment of GM Korea's credit facility of $1.2 billion in 2010; and (2) purchase of the Series A Preferred Stock shares held by the UST of $2.1 billion in 2010; partially offset by (3) proceeds received from the issuance of our Series B Preferred Stock of $4.9 billion in 2010.

Free Cash Flow and Adjusted Free Cash Flow

Management believes free cash flow and adjusted free cash flow provides meaningful supplemental information regarding the liquidity of our automotive operations and its ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for certain voluntary management actions, primarily related to strengthening our balance sheet. These voluntary management actions represent items that management does not consider when assessing and managing the operational and financial performance of the organization and its management teams. Management believes that adjusting for these actions allows for greater transparency of operating trends and performance between periods. While management believes that free cash flow and adjusted free cash flow provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of free cash flow and adjusted free cash flow may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of free cash flow and adjusted free cash flow has limitations and should not be considered in isolation from, or as a substitute for, other measures such as cash flows from operating

activities. Due to these limitations, free cash flow and adjusted free cash flow are used as supplements to U.S. GAAP measures. The following table summarizes free cash flow and adjusted free cash flow (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Operating cash flow	$ 9,631	$ 7,429	$ 6,589
Less: capital expenditures	(8,055)	(6,241)	(4,200)
Free cash flow	1,576	1,188	2,389
Adjustments for voluntary management actions	2,712	1,830	4,000
Adjusted free cash flow	$ 4,288	$ 3,018	$ 6,389

Adjustments for voluntary management actions include the following items: voluntary contributions to the Retiree Plan of $2.3 billion for the purchase of annuity contracts and the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; termination of in-transit wholesale advance agreement in GMNA resulting in an increase to accounts receivable of $1.1 billion and OPEB payments relating to the HCT settlement of $0.8 billion in 2011; and a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion in 2010.

Other Liquidity Issues

Status of Credit Ratings

We receive credit ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P).

Moody's, Fitch and S&P currently rate our corporate credit at non-investment grade while DBRS Limited rates our corporate credit as investment grade. The following table summarizes our credit ratings at February 8, 2013:

Rating Agency	Corporate	Secured Revolving Credit Facilities	Outlook
DBRS Limited	BBB (low)	N/A	Stable
Fitch	BB+	BBB-	Stable
Moody's	Ba1	Baa2	Positive
S&P	BB+	BBB	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2012 through February 8, 2013 were as follows:

DBRS Limited: September 2012 — Upgraded corporate rating to BBB (low) from BB (high).

Fitch: November 2012 — Assigned a rating of BBB- to our secured revolving credit facilities.

August 2012 — Upgraded corporate rating to BB+ from BB and changed their outlook to stable from positive.

Moody's: November 2012 — Assigned a rating of Baa2 to our secured revolving credit facilities.

S&P: November 2012 — Assigned a rating of BBB to our secured revolving credit facilities.

We continue to pursue investment grade status by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facilities.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding at a redemption price equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. Our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, net distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions, collections and recoveries on finance receivables and net proceeds from senior notes transactions. GM Financial's primary uses of cash are purchases and originations of finance receivables and leased assets, repayment of credit facilities, securitization of notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities and operating expenses.

GM Financial used cash of $5.6 billion, $5.0 billion and $0.9 billion for the purchase of consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010. GM Financial used cash of $1.2 billion for the origination of commercial finance receivables in the year ended December 31, 2012. GM Financial used cash of $1.1 billion and $0.8 billion for the purchase of leased vehicles in the years ended December 31, 2012 and 2011. These purchases and originations were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

GM Financial received cash of $4.0 billion, $3.7 billion and $0.9 billion from collections and recoveries on consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010 and $0.7 billion from collections on commercial finance receivables in the year ended December 31, 2012.

Available Liquidity

The following table summarizes GM Financial's available liquidity for daily operations (dollars in millions):

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$1,289	$ 572
Borrowing capacity on unpledged eligible receivables	706	387
Borrowing capacity on unpledged eligible leased assets	643	294
Available liquidity	$2,638	$1,253

The increase in liquidity is due primarily to the issuance of senior notes of $1.0 billion, improved credit performance on consumer finance receivables which led to an increase in distributions from trusts and the settlement of several older securitizations with high enhancement levels.

As previously described GM Financial has the ability to borrow up to $4.0 billion against our three-year $5.5 billion secured revolving credit facility. GM Financial's borrowings under the facility are limited by our ability to borrow the entire amount available under the facility. Therefore GM Financial may be able to borrow up to $4.0 billion or may be unable to borrow depending on our borrowing activity. If GM Financial does borrow under the facility it expects such borrowings would be short-term in nature. Neither GM Financial, nor any of its subsidiaries, guarantee any obligations under this facility and none of its subsidiaries' assets secure this facility.

Senior Notes

In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions.

In June 2011 GM Financial issued 6.75% senior notes of $0.5 billion which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $0.1 billion from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Refer to Note 17 to our consolidated financial statements for additional details about these debt issuances.

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges assets to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy.

The following table summarizes those credit facilities (dollars in millions):

	December 31, 2012		December 31, 2011	
	Facility Amount	Advances Outstanding	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$2,500	$ —	$2,000	$ 621
Canada lease warehouse facility (b)	$ 803	354	$ 589	181
U.S. lease warehouse facility (c)	$ 600	—	$ 600	—
Medium-term note facility (d)		—		294
Bank funding facility		—		3
Total		$354		$1,099

(a) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.

(b) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. The facility amount represents CAD $800 million and CAD $600 million at December 31, 2012 and 2011, and the advances outstanding amount represents CAD $353 million and CAD $185 million at December 31, 2012 and 2011.

(c) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

(d) In October 2012 this facility was paid in full and subsequently terminated.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

Defined Benefit Pension Plan Contributions

Eligible U.S. salaried employees hired prior to January 2001 participated in a defined benefit pension plan which was frozen as of September 30, 2012. All eligible salaried employees now participate in a defined contribution plan. Hourly employees hired prior to October 15, 2007 generally participate in plans which provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Hourly employees hired after October 15, 2007 participate in a defined contribution plan. Our policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.8 billion to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	$2,420	$1,962	$4,095
Non-U.S.	855	836	777
Total contributions	$3,275	$2,798	$4,872

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan $2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 $1.5 billion of the $2.0 billion loan was contributed to the Retiree Plan, $0.3 billion was repaid to us and the remaining $0.3 billion, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of $0.2 billion to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 $0.2 billion of the remaining $0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock, valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. hourly and salaried	$13.1	$13.3
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	14.0	14.2
Non-U.S.	13.8	11.2
Total underfunded	$27.8	$25.4

The U.S. pension plans were underfunded by $14.0 billion and $14.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses due primarily to discount rate decreases of $8.4 billion; and (2) service and interest costs of $4.5 billion; partially offset by (3) actual return on plan assets of $10.3 billion; and (4) contributions of $2.4 billion.

The non-U.S. pension plans were underfunded by $13.8 billion and $11.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses of $2.8 billion; (2) service and interest costs of $1.5 billion; (3) net unfavorable

foreign currency translation effect of $0.3 billion; and (4) costs primarily related to plan amendments and other of $0.2 billion; partially offset by (5) actual return on plan assets of $1.3 billion; and (6) contributions and benefit payments of $0.9 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. OPEB plans	$6.3	$5.8
Non-U.S. OPEB plans	1.5	1.5
Total unfunded	$7.8	$7.3

Refer to Note 18 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	$ 6,052	$1,491	$ 421	$ 63
2014	$ 5,912	$1,507	$ 373	$ 65
2015	$ 5,861	$1,546	$ 366	$ 67
2016	$ 5,674	$1,575	$ 360	$ 70
2017	$ 5,558	$1,588	$ 356	$ 72
2018-2022	$25,259	$8,092	$1,713	$391

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2012 and 2011.

Guarantees Provided to Third-Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third-parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $1.4 billion and $1.1 billion at December 31, 2012 and 2011.

Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $22.1 billion and $19.0 billion at December 31, 2012 and 2011. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $15 million and $17 million at December 31, 2012 and 2011 which considers the likelihood of dealers terminating and estimating the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 20 and 27 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2012 (dollars in millions):

	Payments Due by Period				
	2013	2014-2015	2016-2017	2018 and after	Total
Automotive debt (a)	$ 1,117	$ 559	$1,422	$ 2,064	$ 5,162
Automotive Financing debt (b)	3,760	4,096	2,511	500	10,867
Capital lease obligations	172	229	332	305	1,038
Automotive interest payments (c)	145	620	350	263	1,378
Automotive Financing interest payments (d)	263	346	173	14	796
Postretirement benefits (e)	277	490	26	—	793
Contractual commitments for capital expenditures	530	7	—	—	537
Operating lease obligations (f)	340	457	225	316	1,338
Other contractual commitments:					
Material	613	378	204	80	1,275
Marketing	1,008	808	256	283	2,355
Rental car repurchases	3,293	—	—	—	3,293
Policy, product warranty and recall campaigns liability	3,059	3,202	917	208	7,386
Other	1,380	215	64	513	2,172
Total contractual commitments (g)(h)(i)	$15,957	$11,407	$6,480	$ 4,546	$38,390
Non-contractual postretirement benefits (j)	$ 207	$ 381	$ 831	$13,275	$14,694

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2012.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2012.

(d) GM Financial interest payments are calculated based on London Interbank Offered Rate or Canadian Dealer Offered Rate plus the respective credit spreads and specified fees associated with the Canada lease warehouse facility, the coupon rate for the senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2012.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2012.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2013 to 2014 related to our Opel/Vauxhall restructuring plan. Refer to Note 20 to our consolidated financial statements for further detail.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2012 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of $2.7 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status or funding contemplated under our derisking initiatives.

We have implemented and completed a balance sheet derisking strategy, comprising certain actions related to our U.S. salaried pension plan. These actions include payment of lump-sums to retirees, the purchase of group annuity contracts from an insurance company and the settlement of other previously guaranteed obligations. We provided the salaried pension plan with funding through contributions and short-term interest free loans of $2.4 billion, consisting of contributions of $1.5 billion and $0.7 billion, and a loan of $0.3 billion. At December 31, 2012 $0.2 billion of the remaining $0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us. Through these transactions we have settled the remaining obligations of the Retiree Plan in their entirety.

We do not have any required contributions payable to our U.S. qualified plans in 2013. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.8 billion to our non-U.S. pension plans in 2013.

Fair Value Measurements

Refer to Note 19 to our consolidated financial statements for additional information regarding Level 3 measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation we have not paid any dividends on our common stock and have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following table summarizes dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Series A Preferred Stock (a)	$621	$621	$810
Series B Preferred Stock (b)	238	243	—
Total Preferred Stock dividends paid	$859	$864	$810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST in the year ended December 31, 2010.

(b) Cumulative unpaid dividends on our Series B Preferred Stock was $20 million, $20 million and $25 million at December 31, 2012, 2011 and 2010.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return on plan assets and a discount rate. The expected return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among

the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial loss (before tax) on pension plans (dollars in billions):

	December 31, 2012	December 31, 2011
Unamortized actuarial loss	$6.2	$3.8

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	U.S. Plans		Non-U.S. Plans	
	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
25 basis point decrease in discount rate	−$ 110	+$ 2,250	+$ 65	+$ 943
25 basis point increase in discount rate	+$ 100	−$ 2,190	−$ 56	−$ 892
25 basis point decrease in expected return on assets	+$ 160	N/A	+$ 37	N/A
25 basis point increase in expected return on assets	−$ 150	N/A	−$ 37	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S. hourly pension plan at December 31, 2012 (dollars in millions):

	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
Change in future benefit units		
One percentage point increase in benefit units	+$ 74	+$ 227
One percentage point decrease in benefit units	−$ 72	−$ 220

Refer to Note 18 to our consolidated financial statements for the expected weighted-average long-term rate of return on plan assets, weighted-average discount rate on plan obligations and actual and expected return on plan assets. Refer to Note 3 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

Valuation of Deferred Tax Assets

We evaluate the need for deferred tax asset valuation allowances based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion. We retained valuation allowances of $2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of $8.7 billion against non-U.S. deferred tax assets primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $0.5 billion.

If the remaining valuation allowance jurisdictions experience profitability in the future, utilization of tax attributes to offset taxable income will reduce the overall level of deferred tax assets subject to valuation allowances. In the periods in which the valuation allowances are released, we will record a tax benefit reflecting the release, which will reduce our effective tax rate.

Valuation allowance reversals in the U.S. and Canada contributed to goodwill impairment charges of $26.4 billion in the GMNA reporting unit in the three months ended December 31, 2012. In South Korea future valuation allowance reversals may result in additional goodwill impairment. Refer to Note 12 to our consolidated financial statements for additional information related to goodwill impairment charges.

In future periods, our effective tax rate should approach the U.S. statutory tax rate. If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and related increase to income tax expense in the period that includes the enactment date of the tax rate change.

Valuation of Vehicle Operating Leases

In our and GM Financial's accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual values represent estimates of the market values of the vehicles at the end of the lease term. A retail lease customer is obligated to make payments during the term of a lease, up to five years, to the contract residual. A retail lease customer is not obligated to purchase a vehicle at the end of a lease. Sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Generally, the terms under these arrangements are up to 24 months, however, the daily rental car companies can and do return the vehicles earlier, averaging nine months or less. We and GM Financial are exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual values are evaluated and adjustments are made to the extent the expected values of the vehicles at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the corresponding carrying amount.

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

We and GM Financial continue to use forecasted auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated.

The following table summarizes recorded impairment charges related to leases to daily rental car companies (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Automotive leases to daily rental car companies	$181	$151	$49

Impairment of Goodwill

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units, which are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. In the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units. Based on our testing procedures we recorded Goodwill impairment charges of $27.1 billion and $1.3 billion in the years ended December 31, 2012 and 2011 associated with our GMNA, GME, GM Korea, GM South Africa and GM Holden, Ltd. (Holden) reporting units.

Refer to Note 12 to our consolidated financial statements for additional information on Goodwill impairments, including information pertaining to the determination of the fair values of our reporting units requiring a Step 2 analysis, and the risks of future goodwill impairment charges.

Subsequent to the recording of the Goodwill impairment charges in the year ended December 31, 2012 we had Goodwill of $2.0 billion at December 31, 2012 which predominantly arose upon the acquisition of AmeriCredit Corp. compared to $29.0 billion at December 31, 2011 which predominantly arose upon the application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712, "Compensation - Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation - Retirement Benefits" and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes." The application of ASC 712 and 715 during fresh-start reporting resulted in our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, upon the application of fresh-start reporting, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted.

Since fresh-start reporting the differences between these fair value-to-U.S. GAAP amounts; (1) have decreased because of decreases in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk; (2) have decreased due to improvements in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) decreased due to a change in the fair values of our estimated employee benefit obligations. Decreases also occurred from reversals of our deferred tax asset valuation allowances. The fair value-to-U.S. GAAP differences decreases for these reasons have resulted in the decline of implied goodwill in each of the years ended December 31, 2012 and 2011. At the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value or the reporting unit has a negative carrying amount, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill upon application of fresh-start reporting.

For purposes of our 2012 annual impairment testing procedures at October 1, 2012, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 111.8% for GMNA, 57.9% for GM Mercosur and 14.7% for GM Financial. In calculating the fair values of our more significant reporting units during our 2012 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our weighted-average cost of capital (WACC) increased by 1,000 basis points for GMNA and 160 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2015 was 12.5% and held constant thereafter. GM Korea's fair value continued to be below its carrying amount. GM Financial's fair value would still exceed its carrying amount had equity to managed assets retention ratio increased 160 basis points by 2015. Subsequent to our 2012 annual goodwill impairment testing, we reversed deferred tax asset valuation allowances of $36.2 billion for our GMNA reporting unit causing its carrying amount to exceed its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on our testing we determined that the differences between the fair value-to-U.S. GAAP amounts decreased primarily due to the recorded amount of our deferred tax assets exceeding their fair values, which under ASC 805, "Business Combinations" results in less implied goodwill. Based on this event-driven impairment test we recorded a Goodwill impairment charge of $26.4 billion in the year ended December 31, 2012 within our GMNA segment.

For purposes of our 2011 annual impairment testing procedures, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 12.3% for GMNA, 24.7% for Holden, 56.8% for GM Mercosur and 10.3% for GM Financial. In calculating the fair values of our more significant reporting units during our 2011 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our WACC increased by 150 basis points for GMNA, 410 basis points for Holden and 430 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2014 was 12.5% and held constant thereafter. GM Financial's fair value would still exceed its carrying amount had equity-to-managed assets retention ratio increased 230 basis points by 2014.

Based on the fair value measures determined during our 2012 and 2011 annual and event-driven impairment tests we determined the fair values of those reporting units requiring a Step 2 analysis (GMNA, GME, GM Korea, GM South Africa and Holden) had not increased sufficiently to give rise to an implied goodwill amount other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are: (1) the determination of our nonperformance risk; (2) interest rates; (3) estimates of our employee benefit related obligations and; (4) the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. Of these factors, the amount of implied goodwill within GMNA was most sensitive to our determination whether it is more likely than not that the deferred tax assets will or will not be utilized. Within GME the goodwill assessment was most sensitive to changes in our nonperformance risk, interest rates and estimates of our employee benefit related obligations. The GM Korea goodwill assessment is and the Holden goodwill assessment was most sensitive to our determination of whether it is more likely than not that their deferred tax assets will or will not be utilized. The GM South Africa goodwill assessment was most sensitive to changes in our estimates of our employee benefit related obligations. The $27.1 billion of impairment charges recorded in the year ended December 31, 2012 was primarily driven by the $36.2 billion reversal of our deferred tax asset valuation allowances for our GMNA reporting unit. Refer to Note 21 to our consolidated financial statements for additional information on the reversal of our valuation allowances for our U.S. and Canadian operations.

In the future we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing because GM Korea's fair value is less than its carrying amount, which increases the likelihood of measuring goodwill for further impairment in the near-term. At December 31, 2012 GM Korea has $466 million of recorded goodwill.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the long-lived assets or in certain cases, the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with

overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs. An in-exchange premise was determined to be the highest and best use of the assets which is different than the assets' current use due to the overall European macro-economic environment. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on the impairment charges recorded and related fair value measurements.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold. Estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However where little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like "anticipate," "approximately," "believe," "continue," "could," "designed," "effect," "estimate," "evaluate," "expect," "forecast," "goal," "initiative," "intend," "may," "objective," "outlook," "plan," "potential," "priorities," "project," "pursue," "seek," "should," "target," "when," "would," or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- GM Financial's ability to successfully integrate certain Ally Financial international operations;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets, particularly Europe;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;

- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;

- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;

- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

- Costs and risks associated with litigation;

- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and

- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee comprises members of our management and functions under the oversight of the Audit Committee, a committee of the Board of Directors. The Audit Committee assists and guides the Board of Directors in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

Further information on our exposure to market risk is included in Note 19 to our consolidated financial statements.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects

of correlations between foreign currency pairs or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of the operations. At December 31, 2012 our three most significant foreign currency exposures were the Euro/British Pound, U.S. Dollar/Korean Won and Euro/Korean Won. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2012 such contracts had remaining maturities of up to 12 months.

At December 31, 2012 and 2011 the net fair value liability of financial instruments with exposure to foreign currency risk was $4.0 billion and $4.2 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $671 million and $637 million at December 31, 2012 and 2011.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2012	2011
Foreign currency translation losses recorded in Accumulated other comprehensive loss	$118	$167
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	$117	$ 56

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

At December 31, 2012 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt — fixed rate	$ 749	$ 573
Short-term debt — variable rate	999	1,109
Total short-term debt	$1,748	$1,682
Short-term debt — fixed rate denominated in U.S. Dollars	$ 186	$ 135
Short-term debt — fixed rate denominated in foreign currency	563	438
Total short-term debt — fixed rate	$ 749	$ 573
Short-term debt — variable rate denominated in U.S. Dollars	$ 140	$ 192
Short-term debt — variable rate denominated in foreign currency	859	917
Total short-term debt — variable rate	$ 999	$1,109
Long-term debt — fixed rate	$3,254	$3,536
Long-term debt — variable rate	170	77
Total long-term debt	$3,424	$3,613
Long-term debt — fixed rate denominated in U.S. Dollars	$ 663	$ 525
Long-term debt — fixed rate denominated in foreign currency	2,591	3,011
Total long-term debt — fixed rate	$3,254	$3,536
Long-term debt — variable rate denominated in U.S. Dollars	$ 28	$ 32
Long-term debt — variable rate denominated in foreign currency	142	45
Total long-term debt — variable rate	$ 170	$ 77

At December 31, 2012 and 2011 the fair value liability of debt and capital leases was $5.3 billion and $5.5 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $112 million and $152 million at December 31, 2012 and 2011.

We invest in marketable securities of various types and maturities, the value of which are subject to fluctuations in interest rates. Our marketable securities portfolio includes marketable securities classified as available-for-sale and trading.

At December 31, 2012 and 2011 we had marketable securities of $3.8 billion and $10.1 billion classified as available-for sale with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $28 million and $28 million at December 31, 2012 and 2011.

At December 31, 2012 and 2011 we had marketable securities of $5.2 billion and $6.0 billion classified as trading with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $8 million and $20 million at December 31, 2012 and 2011.

Equity Price Risk

At December 31, 2012 the carrying amount of our investment in Ally Financial common stock was $399 million, the carrying amount of our investment in PSA was $179 million and the carrying amount of other investments was $21 million. At December 31, 2011 the carrying amount of our investment in Ally Financial common stock was $403 million and the carrying amount of other investments was $36 million. These amounts represent the maximum exposure to loss from these investments.

Automotive Financing — GM Financial

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

Securitizations

In GM Financial's securitization transactions, it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

Derivatives

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. The fair value of these derivative financial instruments was insignificant.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2012 (dollars in millions):

	Years Ending December 31,						December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$4,108	$2,860	$1,895	$1,209	$ 673	$ 315	$10,759
Weighted-average annual percentage rate	14.54%	14.39%	14.25%	14.10%	13.95%	13.84%	
Commercial finance receivables							
Principal amounts	$ 507	$ 6	$ 3	$ 3	$ 35	$ 6	$ 554
Weighted-average annual percentage rate	3.78%	3.80%	3.76%	3.78%	3.47%	4.53%	
Liabilities							
Credit facilities							
Principal amounts	$ 354	$ —	$ —	$ —	$ —	$ —	$ 354
Weighted-average interest rate	0.64%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$3,406	$2,324	$1,772	$1,073	$ 438	$ —	$ 9,171
Weighted-average interest rate	2.33%	2.70%	3.03%	3.05%	2.99%	—%	
Senior notes							
Principal amounts	$ —%	$ —%	$ —%	$ —%	$1,000	$ 500	$ 1,620
Weighted-average interest rate	—%	—%	—%	—%	4.75%	6.75%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2011 (dollars in millions):

	Years Ended and Ending December 31,						December 31, 2011
	2012	2013	2014	2015	2016	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,889	$2,571	$1,532	$ 946	$ 548	$ 265	$9,386
Weighted-average annual percentage rate	15.19%	15.04%	14.87%	14.71%	14.52%	14.60%	
Liabilities							
Credit facilities							
Principal amounts	$1,099	$ —	$ —	$ —	$ —	$ —	$1,099
Weighted-average interest rate	1.88%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$3,164	$1,481	$1,022	$ 720	$ 422	$ 86	$6,946
Weighted-average interest rate	2.94%	3.51%	4.05%	4.58%	5.18%	3.64%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ —	$ 500	$ 510
Weighted-average interest rate	—%	—%	—%	—%	—%	6.75%	
Convertible senior notes							
Principal amounts	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	—%	2.13%	—%	—%	—%	—%	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

* * * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of General Motors Company and subsidiaries as of and for the year ended December 31, 2012. Our report dated February 15, 2013 expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's adoption of revised accounting standards related to comprehensive income.

Deloitte & Touche LLP

Detroit, Michigan
February 15, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, the Company adopted amendments in Accounting Standards Update (ASU) 2011-05 and 2011-12 to Accounting Standards Codification (ASC) Topic 220, *Comprehensive Income*, effective January 1, 2012.

As discussed in Note 12 to the consolidated financial statements, the Company adopted amendments in ASU 2010-28 to ASC Topic 350, *Intangibles-Goodwill and Other*, effective January 1, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
February 15, 2013

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
(In millions, except per share amounts)

	Years Ended December 31,		
	2012	**2011**	**2010**
Net sales and revenue			
Automotive sales and revenue	$150,295	$148,866	$135,311
GM Financial revenue	1,961	1,410	281
Total net sales and revenue	152,256	150,276	135,592
Costs and expenses			
Automotive cost of sales	140,236	130,386	118,768
GM Financial operating and other expenses	1,207	785	152
Automotive selling, general and administrative expense	13,593	12,105	11,446
Other automotive expenses, net	438	58	118
Goodwill impairment charges	27,145	1,286	—
Total costs and expenses	182,619	144,620	130,484
Operating income (loss)	(30,363)	5,656	5,108
Automotive interest expense	489	540	1,098
Interest income and other non-operating income, net	845	851	1,531
Gains (losses) on extinguishment of debt	(250)	18	196
Income (loss) before income taxes and equity income	(30,257)	5,985	5,737
Income tax expense (benefit)	(34,831)	(110)	672
Equity income, net of tax and gain on investments	1,562	3,192	1,438
Net income	6,136	9,287	6,503
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)
Net income attributable to stockholders	$ 6,188	$ 9,190	$ 6,172
Net income attributable to common stockholders	$ 4,859	$ 7,585	$ 4,668
Earnings per share (Note 25)			
Basic			
Basic earnings per common share	$ 3.10	$ 4.94	$ 3.11
Weighted-average common shares outstanding	1,566	1,536	1,500
Diluted			
Diluted earnings per common share	$ 2.92	$ 4.58	$ 2.89
Weighted-average common shares outstanding	1,675	1,668	1,624

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2012	**2011**	**2010**
Net income	$ 6,136	$ 9,287	$6,503
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(103)	(183)	210
Cash flow hedging gains (losses), net	(2)	25	(22)
Unrealized gains (losses) on securities, net	45	1	(7)
Defined benefit plans, net	(2,120)	(6,958)	(545)
Other comprehensive loss, net of tax	(2,180)	(7,115)	(364)
Comprehensive income	3,956	2,172	6,139
Comprehensive (income) loss attributable to noncontrolling interests	41	(87)	(318)
Comprehensive income attributable to stockholders	$ 3,997	$ 2,085	$5,821

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 18,422	$ 16,071
Marketable securities	8,988	16,148
Restricted cash and marketable securities	686	1,005
Accounts and notes receivable (net of allowance of $311 and $331)	10,395	9,964
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of $3,444 and $3,295)	4,044	3,251
Inventories	14,714	14,324
Equipment on operating leases, net	1,782	2,464
Deferred income taxes	9,429	527
Other current assets	1,536	1,169
Total current assets	69,996	64,923
Non-current Assets		
Restricted cash and marketable securities	682	1,228
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of $6,458 and $5,773)	6,954	5,911
Equity in net assets of nonconsolidated affiliates	6,883	6,790
Property, net	24,196	23,005
Goodwill	1,973	29,019
Intangible assets, net	6,809	10,014
GM Financial equipment on operating leases, net (including assets transferred to SPEs of $540 and $274)	1,649	785
Deferred income taxes	27,922	512
Other assets	2,358	2,416
Total non-current assets	79,426	79,680
Total Assets	$149,422	$144,603
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$ 25,166	$ 24,551
Short-term debt and current portion of long-term debt		
Automotive (including certain debt at VIEs of $228 and $171; Note 15)	1,748	1,682
GM Financial	3,770	4,118
Accrued liabilities (including derivative liabilities at VIEs of $18 and $44; Note 15)	23,308	22,875
Total current liabilities	53,992	53,226
Non-current Liabilities		
Long-term debt		
Automotive (including certain debt at VIEs of $122 and $7; Note 15)	3,424	3,613
GM Financial	7,108	4,420
Postretirement benefits other than pensions	7,309	6,836
Pensions	27,420	25,075
Other liabilities and deferred income taxes	13,169	12,442
Total non-current liabilities	58,430	52,386
Total Liabilities	112,422	105,612
Commitments and contingencies (Note 20)		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2012 and 2011)	5,536	5,536
Series B (99,988,796 and 100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2012 and 2011)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,366,373,526 shares and 1,564,727,289 shares issued and outstanding at December 31, 2012 and 2011)	14	16
Capital surplus (principally additional paid-in capital)	23,834	26,391
Retained earnings	10,057	7,183
Accumulated other comprehensive loss	(8,052)	(5,861)
Total stockholders' equity	36,244	38,120
Noncontrolling interests	756	871
Total Equity	37,000	38,991
Total Liabilities and Equity	$149,422	$144,603

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2012	**2011**	**2010**
Cash flows from operating activities			
Net income	$ 6,136	$ 9,287	$ 6,503
Depreciation, impairment charges and amortization expense	38,762	7,427	6,930
Foreign currency remeasurement and transaction losses	117	55	210
Amortization of discount and issuance costs on debt issues	188	160	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	(1,947)	(753)
Pension contributions and OPEB payments	(3,759)	(2,269)	(5,723)
Pension and OPEB (income) expense, net	3,232	(755)	412
(Gains) losses on extinguishment of debt	250	(18)	(196)
Provisions (benefits) for deferred taxes	(35,561)	(318)	254
Change in other investments and miscellaneous assets	(57)	(155)	(137)
Change in other operating assets and liabilities (Note 30)	687	(3,967)	(966)
Other operating activities	789	666	111
Net cash provided by operating activities	10,605	8,166	6,780
Cash flows from investing activities			
Expenditures for property	(8,068)	(6,249)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	(20,535)	(11,012)
Trading marketable securities, acquisitions	(6,234)	(6,571)	(358)
Available-for-sale marketable securities, liquidations	10,519	15,825	5,611
Trading marketable securities, liquidations	7,267	660	343
Acquisition of companies, net of cash acquired	(44)	(53)	(3,042)
Increase due to consolidation of business units	—	—	63
Proceeds from sale of business units/investments, net	18	4,821	317
Increase in restricted cash and marketable securities	(661)	(728)	(918)
Decrease in restricted cash and marketable securities	1,526	2,067	13,915
Purchases and originations of finance receivables	(6,789)	(5,012)	(947)
Principal collections and recoveries on finance receivables	4,674	3,719	871
Purchases of leased vehicles, net	(1,050)	(837)	(11)
Proceeds from termination of leased vehicles	59	47	346
Other investing activities	(72)	106	257
Net cash provided by (used in) investing activities	(3,505)	(12,740)	1,233
Cash flows from financing activities			
Net increase (decrease) in short-term debt	(247)	131	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	9,036	9,034	1,886
Payments on debt (original maturities greater than three months)	(7,377)	(8,468)	(12,211)
Proceeds from issuance of stock	4	11	4,857
Payments to purchase stock	(5,098)	—	(1,462)
Payments to acquire noncontrolling interest	—	(100)	(6)
Debt issuance costs and fees paid for debt modification	(120)	(50)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	(916)	(1,572)
Net cash used in financing activities	(4,741)	(358)	(9,770)
Effect of exchange rate changes on cash and cash equivalents	(8)	(253)	(57)
Net increase (decrease) in cash and cash equivalents	2,351	(5,185)	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	391
Cash and cash equivalents at beginning of period	16,071	21,256	22,679
Cash and cash equivalents at end of period	$ 18,422	$ 16,071	$ 21,256

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retained Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance December 31, 2009	$ —	$ —	$15	$24,040	$ (4,394)	$ 1,588	$ 708	$21,957
Net income	—	—	—	—	6,172	—	331	6,503
Other comprehensive loss	—	—	—	—	—	(351)	(13)	(364)
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—	5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—	4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)	(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)	(6)
Sale of businesses	—	—	—	—	—	14	(18)	(4)
Stock-based compensation	—	—	—	216	—	—	—	216
Effect of adoption of amendments to ASC 810 regarding variable interest entities	—	—	—	—	—	—	76	76
Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—	(1,512)
Other	—	—	—	—	—	—	(13)	(13)
Balance December 31, 2010	5,536	4,855	15	24,257	266	1,251	979	37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Note 12)	—	—	—	—	(1,466)	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	9,287
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)	(100)
Exercise of common stock warrants	—	—	—	11	—	—	—	11
Stock based compensation	—	—	—	219	—	—	—	219
Pension plan stock contribution (Note 18)	—	—	1	1,863	—	—	—	1,864
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)	(54)
Deconsolidation of noncontrolling interest shares	—	—	—	—	—	—	(9)	(9)
Other	—	—	—	—	52	—	2	54
Balance December 31, 2011	5,536	4,855	16	26,391	7,183	(5,861)	871	38,991
Net income (loss)	—	—	—	—	6,188	—	(52)	6,136
Other comprehensive income (loss)	—	—	—	—	—	(2,191)	11	(2,180)
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)
Exercise of common stock warrants	—	—	—	5	—	—	—	5
Stock based compensation	—	—	—	89	—	—	—	89
Conversion of Series B Preferred Stock to common stock	—	—	—	1	—	—	—	1
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other	—	—	—	—	—	—	6	6
Balance December 31, 2012	$5,536	$4,855	$14	$23,834	$10,057	$(8,052)	$ 756	$37,000

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM." General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM" as it is the predecessor entity solely for accounting and financial reporting purposes. Old GM was renamed Motors Liquidation Company (MLC), which was dissolved on December 15, 2011 and transferred its remaining assets and liabilities to the Motors Liquidation Company GUC Trust (GUC Trust).

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Note 2. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest and our consolidated variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Presentation of Financial Statements

In 2012 we changed the presentation of our consolidated balance sheet, consolidated statements of cash flows and certain notes to the consolidated financial statements to classify the assets and liabilities of GM Financial as current or non-current and to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates as well as our ability to fully benefit from these operations.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations from that date forward because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

The aggregate net assets of our Venezuelan subsidiaries at December 31, 2012 and 2011 were $786 million and $438 million. At December 31, 2012 and 2011 other consolidated entities have receivables from our Venezuelan subsidiaries of $379 million and $380 million. The total amounts pending government approval for settlement at December 31, 2012 and 2011 were BsF 2.2 billion (equivalent to $523 million) and BsF 2.3 billion (equivalent to $535 million), for which some requests have been pending from 2007.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to $1.00 would be changed to BsF 6.3 to $1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of $150 million to $200 million.

Note 3. Significant Accounting Policies

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers. For the majority of our automotive sales, this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales and revenue at the

time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising and Promotion Expense

The following table summarizes advertising and promotion expenditures, which are expensed as incurred (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Advertising and promotion expense	$5,372	$5,209	$4,742

Research and Development Expenditures

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Research and development expense	$7,368	$8,124	$6,962

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Allowance for Doubtful Accounts

Automotive

The following table summarizes activity in our allowance for doubtful accounts (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$331	$252	$250
Amounts charged (credited) to costs and expenses	(10)	159	93
Other	36	3	—
Deductions	(46)	(83)	(91)
Balance at end of period	$311	$331	$252

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 —Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available, and an income approach in other cases. Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt, certificates of deposit, and corporate debt securities are classified as Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields, and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than-temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

Pre-Acquisition Consumer Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit Corp. (AmeriCredit) were adjusted to fair value at October 1, 2010. As a result of the acquisition the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. The fair value of the receivables was less than the principal amount of those receivables, thus resulting in a discount to par. This discount was attributable, in part, to future credit losses that did not exist at the origination of the receivables.

A non-accretable difference is the excess between a loan's contractually required payments (undiscounted amount of all uncollected principal and contractual interest payments, both past due and scheduled for the future) and the amount of the loan's cash flows expected to be collected. An accretable yield is the excess in the loan's cash flows expected to be collected over the initial investment in the loan, which at October 1, 2010 was fair value.

As a result of acquisition accounting GM Financial evaluated the common risk characteristics of the loan portfolio and split it into several pools. GM Financial's policy is to remove a charged off loan individually from a pool based on comparing any amount received with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received approximates pool performance expectations. The remaining accretable yield balance is unaffected and any material change in remaining effective yield caused by this removal method is addressed by GM Financial's quarterly cash flow evaluation process for each pool. For loans that are resolved by payment in full there is no release of the non-accretable difference for the pool because there is no difference between the amount received and the contractual amount of the loan.

Any deterioration in the performance of the pre-acquisition receivables will result in recording an incremental provision for loan losses. Improvements in the performance of the pre-acquisition receivables which results in a significant increase in actual or expected cash flows will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. GM Financial reviews charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. GM Financial also uses historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations.

Inventory

Inventories are stated at the lower of cost or market.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the vehicles leased at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicles leased. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded for any difference between the net book value of the lease asset and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax and gain on investments. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and

equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales, Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. We amortize all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Impairment charges related to special tools are recorded in Automotive cost of sales.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. When the fair value of a reporting unit falls below its carrying amount an impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss

is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan’s termination date for the plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2012. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third-party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Common and Preferred Stock

Common and preferred stock for which market prices are readily available at the measurement date, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level and other factors in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded, and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Direct investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and

consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified as Level 3.

Fair value estimates for private investment funds, private equity, private debt, and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings.

Labor Force

On a worldwide basis, we have a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2012 50,000 of our U.S. employees (or 62%) were represented by unions, the majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The current labor contract with the UAW is effective for a four-year term that began in October 2011 and expires in September 2015. The contract included a $5,000 lump sum payment to each eligible UAW employee in the year ended December 31, 2011 and three additional lump-sum payments of $1,000 to be paid annually in the years ending December 31, 2012, 2013 and 2014. These lump-sum payments expected to total $381 million are being amortized over the four-year contract period.

Job Security Programs

Effective with our current labor agreement with the UAW the Job Opportunity Bank Program was eliminated and the Supplemental Unemployment Benefit (SUB) program and the Transitional Support Program (TSP) were retained. These modified job security

programs provide employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to Canadian Auto Workers Union (CAW) employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant, or for restricted stock units (RSUs) granted prior to our public offering, the fair value of our common stock as of the date of the public offering. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period.

Salary stock awards granted are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant.

The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;

- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

Derivative Instruments

We are party to a variety of foreign currency exchange rate, commodity, interest rate swap and interest rate cap derivative contracts entered into in connection with the management of exposure to fluctuations in certain foreign currency exchange rates, commodity prices and interest rates.

In connection with certain long-term supply contracts that we have entered into, we have identified embedded derivatives which we have bifurcated for valuation and accounting purposes.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors and current and forward market prices for foreign currency exchange rates and commodities. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolver, and yields on traded bonds of companies with comparable credit ratings and risk profiles. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily price, are classified in Level 3.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating and other expenses.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gains (losses), net within a separate component of Other comprehensive income (OCI). Amounts are reclassified from Accumulated other comprehensive income when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net.

The following table summarizes the effects of foreign currency transactions and remeasurement (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Foreign currency transaction and remeasurement losses	$117	$55	$210

Recently Adopted Accounting Principles

In 2012 we adopted the provisions of Accounting Standards Update (ASU) 2011-05, "Presentation of Comprehensive Income" (ASU 2011-05) that requires presentation of all non-owner changes in equity in one continuous statement of comprehensive income or in two separate but consecutive statements. We elected to provide a separate statement of comprehensive income for all periods presented. The amendments in this update do not change the items that must be reported in OCI or when an OCI item must be reclassified to net income. The adoption of ASU 2011-05 did not affect our consolidated statements of financial position, results of operations and cash flows.

ASU 2011-05 was modified in December 2011 by the issuance of ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." This update indefinitely defers certain provisions of ASU 2011-05 that require the disclosure of the amount of reclassifications of items from OCI to net income by component of net income and by component of OCI.

Note 4. Acquisition and Disposal of Businesses

Sale of General Motors Strasbourg S.A.S.

In December 2012 we entered into a definitive agreement to sell 100% of our equity interest of General Motors Strasbourg S.A.S. (GMS), which was included in our GME segment, for cash of one Euro to an external third-party. GMS is engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles. We acquired GMS in October 2010 as subsequently discussed. GMS's assets and liabilities were adjusted to their estimated fair value of one Euro upon entering into the definitive agreement. The resulting charge of $119 million was recorded in Interest income and other non-operating income, net. In January 2013 we completed the sale of GMS. GMS's assets, composed primarily of accounts receivable and inventories, and its liabilities composed primarily of accounts payable and accrued liabilities were classified as held for sale and were included in Current Assets and Current Liabilities.

Definitive Agreement to Acquire Certain Ally Financial International Operations

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire 100% of the outstanding equity interests of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interests in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC), which conducts automotive finance and other financial services in China. The combined consideration will be approximately $4.2 billion in cash, subject to certain closing adjustments. These transactions will enable GM Financial to provide automotive finance and other financial services to customers in European, Latin American and Chinese markets. The closings of the transactions contemplated by the agreements are subject to satisfaction of certain closing conditions, including obtaining applicable regulatory approvals and third-party consents and other customary closing conditions, and are expected to close in stages throughout 2013.

Acquisition of SAIC GM Investment Limited

In September 2012 SAIC Motor Hong Kong Investment Limited (SAIC-HK) exercised its option to not participate in future capital injections to SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV). We agreed with SAIC-HK to settle a promissory note due from HKJV to us in exchange for HKJV's issuance of 257 million Class B shares at face value of $1.17 per share. SAIC-HK's equity interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest and consolidated HKJV effective September 1, 2012. We recognized a gain of $51 million measured as the difference between the fair value of our 50% interest in HKJV and the investment carrying amount at the date of acquisition of which $50 million was recorded in Equity income, net of tax and gain on investments. In addition we invested $125 million in HKJV and acquired 186 million Class A shares at face value of $0.6708 per share, which increased our interest in HKJV from 86% to 90.8%. Refer to Note 10 for additional details on our investment in HKJV prior to acquisition.

The following table summarizes the consideration paid and the HKJV assets acquired and liabilities assumed, which are included in our GMIO segment (dollars in millions):

	September 1, 2012
Consideration	
Fair value of our previously held investment	$ 74
Consideration paid for Shanghai Automotive Industry Corporation's (SAIC) portion of the promissory note	150
Settlement of written put option	(94)
Total consideration	$ 130
Fair value of the noncontrolling interest	$ 21
Assets acquired and liabilities assumed	
Cash	$ 17
Accounts receivable	124
Inventory	132
Other current assets	13
Property	385
Goodwill	61
Other non-current assets	59
Current liabilities	(483)
Non-current liabilities	(157)
	$ 151

When applying the acquisition method of accounting deferred tax assets and related valuation allowances give rise to goodwill, which is a residual. None of the goodwill from this transaction is deductible for tax purposes. We did not provide pro forma financial information because we do not believe the information is material.

Acquisition of GMAC South America LLC

In March 2012 we acquired from Ally Financial for cash of $29 million 100% of the outstanding equity interests of GMAC South America LLC whose only asset is GMAC de Venezuela CA (GMAC Venezuela) comprising the business and operations of Ally Financial in Venezuela. This acquisition provides us with a captive finance offering in Venezuela which we believe is important in maintaining market position and will provide continued sources of financing for our Venezuela dealers and customers.

We recorded the fair value of the assets acquired and liabilities assumed as of March 1, 2012, the date we obtained control, and have included GMAC Venezuela's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMAC Venezuela, which are included in our GMSA segment (dollars in millions):

	March 1, 2012
Cash	$ 79
Other assets	11
Liabilities	(11)
Bargain purchase gain	(50)
Consideration paid	$ 29

We determined the excess of net assets acquired over consideration paid was attributable to the measurement differences between the BsF denominated assets and liabilities valued using the official foreign exchange rate, as required by U.S. GAAP, and the enterprise value which has been discounted to reflect the uncertainty surrounding our ability to convert the BsF to U.S. Dollars and the risks of operating in a politically unstable country. The measurement differences do not qualify to be recorded in the application of the acquisition method of accounting, and we recorded the excess of net assets acquired over the consideration paid as a bargain purchase gain. The bargain purchase gain was recorded in Interest income and other non-operating income, net. We did not provide pro forma financial information because we do not believe the information is material.

Acquisition of Additional GM Korea Interests

In March 2011 we completed the acquisition of an additional 6.9% interest in GM Korea Company (GM Korea) for cash of $100 million. The transaction was accounted for as an equity transaction as we retain the controlling financial interest in GM Korea. This transaction reduced our equity attributable to Noncontrolling interests by $134 million and our Accumulated other comprehensive income by $7 million and increased our Capital surplus by $41 million. We now own 77.0% of the outstanding shares of GM Korea.

Acquisition of AmeriCredit

In October 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of $3.5 billion. This acquisition allows us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating and other expenses.

(b) The fair value of Finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a

discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of Securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the GM Financial reporting unit. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the years ended December 31, 2012, 2011 and 2010, as well as the supplemental pro forma revenue and earnings of the combined entity for the year ended December 31, 2010 as if the acquisition had occurred on January 1, 2010 (dollars in millions):

	GM Financial Amounts For Year Ended December 31,			Pro Forma-Combined (Unaudited)
	2012	2011	2010	Year Ended December 31, 2010
Total net sales and revenue	$1,961	$1,410	$281	$136,645
Net income attributable to stockholders	$ 567	$ 440	$ 90	$ 6,651

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2010, nor are they indicative of future results.

Sale of Nexteer

In November 2010 we completed the sale of Nexteer Automotive Corporation (Nexteer), a manufacturer of steering components and half-shafts, which was included in our GMNA segment, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third-party suppliers. During the year ended December 31, 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us.

Acquisition of GMS

In October 2010 we acquired 100% of the outstanding equity interest of GMS for cash of one Euro from MLC. We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010 and have included GMS's results of operations and cash

flows from that date forward. GMS was sold in January 2013 as previously discussed. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, recorded in Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information was material.

Saab Sale

In February 2010 we completed the sale of Saab Automobile AB and in May 2010 we completed the sale of Saab Automobile GB (collectively Saab) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remainder in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the debtor-in-possession financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 5. GM Financial Finance Receivables, net

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floorplan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis.

The following table summarizes GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

	December 31, 2012	December 31, 2011
Current	$ 4,044	$3,251
Non-current	6,954	5,911
Total GM Financial finance receivables, net	$10,998	$9,162

The following table summarizes the components of GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

	December 31, 2012	December 31, 2011
Pre-acquisition finance receivables, outstanding balance	$ 2,162	$4,366
Pre-acquisition finance receivables, carrying amount	$ 1,958	$4,027
Post-acquisition finance receivables, net of fees (a)	9,391	5,314
Total finance receivables	11,349	9,341
Less: allowance for loan losses on post-acquisition finance receivables (a)	(351)	(179)
Total GM Financial finance receivables, net	$10,998	$9,162

(a) At December 31, 2012 the balance includes finance receivables and loans of $560 million and allowance for loan losses of $6 million in connection with the commercial lending program.

The following table summarizes activity for finance receivables relating to consumer and commercial activities (dollars in millions):

	Years Ended December 31,	
	2012	2011
Pre-acquisition finance receivables, carrying amount, beginning of period	$ 4,027	$ 7,299
Post-acquisition finance receivables, beginning of period	5,314	924
Loans originated or purchased (a)	6,806	5,085
Charge-offs	(304)	(66)
Principal collections and other (a)	(4,324)	(3,418)
Change in carrying amount adjustment on the pre-acquisition finance receivables	(170)	(483)
Balance at end of period	$11,349	$ 9,341

(a) Includes finance receivables and loans originated of $1.2 billion and principal collections of $667 million in connection with the commercial lending program for the year ended December 31, 2012.

The following table summarizes carrying amount and estimated fair value of GM Financial finance receivables, net (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
GM Financial finance receivables, net	$10,998	$11,313	$9,162	$9,386

GM Financial determined the fair value of consumer finance receivables using Level 3 inputs within a cash flow model. The Level 3 inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the finance receivable portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows are calculated and discounted using a weighted-average cost of capital (WACC) using unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity and maturity profile as the portfolio. Macroeconomic factors could negatively affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model.

Substantially all commercial finance receivables have variable interest rates and maturities of one year. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

GM Financial purchases consumer finance contracts from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

At December 31, 2012 and 2011 the accrual of finance charge income has been suspended on delinquent consumer finance receivables based on contractual amounts due of $503 million and $439 million. At December 31, 2012 there were no commercial finance receivables or loans on non-accrual status.

GM Financial reviews its pre-acquisition portfolio for differences between contractual cash flows and the cash flows expected to be collected from its initial investment in the pre-acquisition portfolio to determine if the difference is attributable, at least, in part to credit quality. For the period ended December 31, 2012 as a result of improvements in the credit performance of the pre-acquisition portfolio, which resulted in an increase of expected cash flows of $170 million, GM Financial transferred the excess non-accretable difference to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes accretable yield (dollars in millions):

	Years Ended December 31,	
	2012	2011
Balance at beginning of period	$ 737	$1,201
Accretion of accretable yield	(503)	(725)
Transfer from non-accretable difference	170	261
Balance at end of period	$ 404	$ 737

The following table summarizes the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	December 31, 2012	December 31, 2011
Current	$266	$136
Non-current	85	43
Total allowance for post-acquisition loan losses	$351	$179

The following table summarizes activity for the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Balance at beginning of period	$ 179	$ 26	$—
Provision for loan losses	304	178	26
Charge-offs	(304)	(66)	—
Recoveries	172	41	—
Balance at end of period	$ 351	$179	$26

Credit Quality

Consumer Finance Receivables

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	December 31, 2012	December 31, 2011
FICO score less than 540	$ 3,011	$2,133
FICO score 540 to 599	5,014	4,167
FICO score 600 to 659	2,513	2,624
FICO score 660 and greater	455	756
Balance at end of period (a)	$10,993	$9,680

(a) Composed of the sum of pre-acquisition consumer finance receivables - outstanding balance and post-acquisition consumer finance receivables, net of fees.

Commercial Finance Receivables

GM Financial's commercial finance receivables consist of dealer financings. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually and, if necessary, the dealer's risk rating is adjusted on the basis of the review.

Delinquency

Consumer Finance Receivables

The following summarizes the contractual amount of consumer finance receivables, which is not materially different than the recorded investment, more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	December 31, 2012		December 31, 2011	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$672	6.1%	$517	5.3%
Greater-than-60 days	230	2.1%	182	1.9%
Total consumer finance receivables more than 30 days delinquent	902	8.2%	699	7.2%
In repossession	31	0.3%	27	0.3%
Total consumer finance receivables more than 30 days delinquent and in repossession	$933	8.5%	$726	7.5%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Commercial Finance Receivables

At December 31, 2012 all commercial finance receivables were current with respect to payment status.

Note 6. Securitizations

Automotive Financing — GM Financial

The following table summarizes securitization activity and cash flows from consolidated SPEs used for securitizations (dollars in millions):

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Receivables securitized	$6,777	$4,828	$743
Net proceeds from securitization	$6,400	$4,550	$700
Servicing fees			
Variable interest entities	$ 242	$ 201	$ 46
Net distributions from trusts			
Variable interest entities	$1,487	$ 852	$216

GM Financial retains servicing responsibilities for receivables transferred to securitization SPEs. At December 31, 2012 and 2011 GM Financial serviced finance receivables that have been transferred to certain SPEs of $9.9 billion and $7.9 billion. At December 31, 2012 and 2011 a Canadian subsidiary of GM Financial serviced leased assets of $625 million and $1.0 billion for a third-party.

Note 7. Marketable Securities

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available and an income approach in other cases. We obtain the majority of the prices used in this valuation from a pricing service. Our pricing service utilizes industry standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of valuations provided by our pricing service, which includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields and prepayment spreads. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

Peugeot S.A.

At December 31, 2012, we measured the fair value of our investment in Peugeot S.A. (PSA) common stock using the published stock price and determined the carrying amount of our investment in PSA common stock exceeded its fair value. PSA's stock price has shown no sustained signs of recovery towards the price at which we acquired our seven percent interest in March 2012.

Based upon the 55% decline in PSA common stock price since our acquisition in March 2012 and the nine month duration of the impairment, combined with our fourth quarter reassessment of our European automotive operations, we have concluded that the impairment of our investment in PSA common stock is other-than-temporary. As a result we have transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in recognition of an impairment charge of $220 million.

GM Korea Preferred Shares

In September 2012 we entered into a transaction to acquire security interests in certain mandatorily redeemable preferred shares issued by GM Korea for $293 million. The transaction did not meet the criteria for an extinguishment of the liability. Subsequently, GM Korea partially redeemed the mandatorily redeemable preferred shares resulting in an extinguishment of the liability and redemption of a portion of the security interests, which is described in more detail in Note 17. The remaining unredeemed interests are classified as available-for-sale corporate debt securities and had a fair value of $177 million at December 31, 2012.

The following tables summarize information regarding marketable securities (dollars in millions):

	December 31, 2012						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents							
Available-for-sale securities							
U.S. government and agencies	$4,190	$—	$—	$ 4,190	$ —	$4,190	$—
Certificates of deposit	120	—	—	120	—	120	—
Money market funds	1,799	—	—	1,799	1,799	—	—
Corporate debt	3,102	—	—	3,102	—	3,102	—
Total available-for-sale securities	$9,211	$—	$—	9,211	1,799	7,412	—
Trading securities							
Sovereign debt				1,408	—	1,408	—
Total trading securities				1,408	—	1,408	—
Total marketable securities classified as cash equivalents				10,619	$1,799	$8,820	$—
Cash, time deposits and other cash equivalents				7,803			
Total cash and cash equivalents				$18,422			
Marketable securities — current							
Available-for-sale securities							
U.S. government and agencies	$1,231	$—	$—	$ 1,231	$ —	$1,231	$—
Sovereign debt	30	—	—	30	—	30	—
Certificates of deposit	10	—	—	10	—	10	—
Corporate debt (a)	2,455	40	—	2,495	—	2,495	—
Equity	—	21	—	21	21	—	—
Total available-for-sale securities	$3,726	$61	$—	3,787	21	3,766	—
Trading securities							
Sovereign debt				5,201	—	5,201	—
Total trading securities				5,201	—	5,201	—
Total marketable securities - current				8,988	21	8,967	—
Marketable securities — non-current							
Available-for-sale securities							
Equity (b)	$ 179	$—	$—	179	179	—	—
Total marketable securities - non-current	$ 179	$—	$—	179	179	—	—
Total marketable securities				$ 9,167	$ 200	$8,967	$—
Restricted cash and marketable securities							
Available-for-sale securities							
Money market funds	$ 933	$—	$—	$ 933	$ 933	$ —	$—
Sovereign debt	23	1	—	24	—	24	—
Other	175	—	—	175	—	175	—
Total marketable securities classified as restricted cash and marketable securities	$1,131	$ 1	$—	1,132	$ 933	$ 199	$—
Restricted cash, time deposits and other restricted cash equivalents				236			
Total restricted cash and marketable securities				$ 1,368			

(a) Includes security interest in the GM Korea mandatorily redeemable preferred shares.

(b) Represents our seven percent ownership in PSA acquired in connection with our agreement with PSA to create a long-term and strategic alliance. The investment is recorded in Other assets.

	December 31, 2011						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents							
Available-for-sale securities							
U.S. government and agencies	$ 239	$—	$—	$ 239	$ —	$ 239	$—
Sovereign debt	490	—	—	490	—	490	—
Certificates of deposit	2,028	—	—	2,028	—	2,028	—
Money market funds	1,794	—	—	1,794	1,794	—	—
Corporate debt	5,112	—	—	5,112	—	5,112	—
Total available-for-sale securities	$ 9,663	$—	$—	9,663	1,794	7,869	—
Trading securities							
Sovereign debt				497	—	497	—
Total trading securities				497	—	497	—
Total marketable securities classified as cash equivalents				10,160	$1,794	$ 8,366	$—
Cash, time deposits and other cash equivalents				5,911			
Total cash and cash equivalents				$16,071			
Marketable securities — current							
Available-for-sale securities							
U.S. government and agencies	$ 5,214	$ 2	$—	$ 5,216	$ —	$ 5,216	$—
Sovereign debt	143	—	—	143	—	143	—
Certificates of deposit	178	—	—	178	—	178	—
Corporate debt	4,566	3	4	4,565	—	4,565	—
Total available-for-sale securities	$10,101	$ 5	$ 4	10,102	—	10,102	—
Trading securities							
Equity				34	34	—	—
Sovereign debt				5,936	—	5,936	—
Other debt				76	—	76	—
Total trading securities				6,046	34	6,012	—
Total marketable securities — current				$16,148	$ 34	$16,114	$—
Restricted cash and marketable securities							
Available-for-sale securities							
Money market funds	$ 1,363	$—	$—	$ 1,363	$1,363	$ —	$—
Sovereign debt	15	—	—	15	—	15	—
Other	161	3	—	164	—	164	—
Total marketable securities classified as restricted cash and marketable securities	$ 1,539	$ 3	$—	1,542	$1,363	$ 179	$—
Restricted cash, time deposits and other restricted cash equivalents				691			
Total restricted cash and marketable securities				$ 2,233			

We maintained securities of $84 million as compensating balances to support letters of credit of $70 million at December 31, 2011. At December 31, 2012 these compensating balances were not required.

Sales proceeds from investments in marketable securities classified as available-for-sale and sold prior to maturity were $4.7 billion, $1.6 billion and $11 million in the years ended December 31, 2012, 2011 and 2010.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale within cash equivalents, marketable securities and restricted cash by contractual maturity at December 31, 2012 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 9,281	$ 9,318
Due after one year through five years	1,892	1,896
Total contractual maturities of available-for-sale securities	$11,173	$11,214

Note 8. Inventories

The following table summarizes the components of Inventories (dollars in millions):

	December 31, 2012	December 31, 2011
Productive material, supplies and work in process	$ 6,560	$ 6,486
Finished product, including service parts	8,154	7,838
Total inventories	$14,714	$14,324

Note 9. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is composed of vehicle sales to daily rental car companies.

The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
Equipment on operating leases	$1,946	$2,691
Less: accumulated depreciation	(164)	(227)
Equipment on operating leases, net	$1,782	$2,464

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation expense	$227	$431	$500
Impairment charges	$181	$151	$ 49

The following table summarizes equipment on operating leases to daily rental car companies measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measures	Fair Value Measurements on a Nonrecurring Basis (a)		
		Level 1	Level 2	Level 3
Year ended December 31, 2012	$2,469	$—	$—	$2,469
Year ended December 31, 2011	$2,571	$—	$—	$2,571
Year ended December 31, 2010	$2,310	$—	$—	$2,310

(a) The carrying amount of the related assets at December 31, 2012, 2011 and 2010 may no longer equal the fair value as the fair value presented is as of the date the impairment was recorded during the year presented.

Impairment of vehicles leased to daily rental car companies with guaranteed repurchase obligations is determined to exist if the expected future cash flows are lower than the carrying amount of the vehicle. We have multiple, distinct portfolios of vehicles leased to rental car companies and may have multiple impairments within a period. Expected cash flows include all estimated net revenue and costs associated with the sale to daily rental car companies through disposal at auction. The fair value measurements are determined, reviewed and approved on a monthly basis by personnel with appropriate knowledge of transactions with daily rental car companies and auction transactions.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of Equipment on operating leases, net (dollars in millions):

	Valuation Technique	Significant Unobservable Input	Year Ended December 31, 2012
Impaired equipment on operating leases	Cash flow	Estimated net revenue	$2,530
		Estimated costs	$2,711

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third-party with servicing retained.

The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
GM Financial equipment on operating leases	$1,910	$860
Less: accumulated depreciation	(261)	(75)
GM Financial equipment on operating leases, net	$1,649	$785

The following table summarizes depreciation expense related to GM Financial equipment on operating leases, net (dollars in millions):

	Year Ended December 31,	
	2012	2011
Depreciation expense	$205	$70

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2013	2014	2015	2016	2017
Minimum rental receipts under operating leases	$331	$274	$160	$33	$2

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding Equity income, net of tax and gain on investments (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
China joint ventures (China JVs)	$1,521	$1,511	$1,297
New Delphi (including gain on disposition)	—	1,727	117
Others (including gain on acquisition of HKJV)	41	(46)	24
Total equity income, net of tax and gain on investments	$1,562	$3,192	$1,438

Sales and income of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax and gain on investments.

We received dividends from nonconsolidated affiliates of $1.4 billion, $1.2 billion and $685 million in the years ended December 31, 2012, 2011 and 2010. At December 31, 2012 and 2011 we had undistributed earnings including dividends declared but not received, of $1.7 billion and $1.6 billion related to our nonconsolidated affiliates.

Investment in China JVs

The following table summarizes our direct ownership interests in China JVs:

	December 31, 2012	December 31, 2011
Shanghai General Motors Co., Ltd. (SGM)	50%	49%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	49%

SGM is a joint venture established in 1997 by SAIC (50%) and us (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%). SGM also has a 20% equity interest in GMAC-SAIC, a joint venture established by General Motors Acceptance Corporation (now Ally Financial) (40%) and SAIC Finance Co., Ltd. (40%) in 2007.

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported Buick, Chevrolet and Cadillac brands and the sales of automobiles manufactured by SGM.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which was contingently exercisable based on events which we did not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC would purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on the transaction.

In September 2012 we repurchased the 1% interest in SGM for a total consideration of $119 million, increasing our ownership interest in SGM to 50%. The transaction was accounted for by applying the equity method of accounting. The consideration exceeded our proportionate share of the 1% interest in SGM net assets by $82 million, which consists of plant, property and equipment, intangible assets and goodwill of $8 million, $36 million and $38 million.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in Delphi Automotive LLP (New Delphi) to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income, net of tax and gain on investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Investment in HKJV

In March 2011 the fair value of our investment in HKJV was determined to be less than its carrying amount. The loss in value was determined to be other-than-temporary; therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in the HKJV.

We provided SAIC-HK, a 50% equity holder in HKJV through September 1, 2012, an option to not participate in future capital injections, which would otherwise be required under certain circumstances. The related option liability was $88 million and total unrealized losses were $64 million at December 31, 2011. A Monte Carlo option-pricing model was used to estimate the fair value of the option liability which is a Level 3 measure. The key inputs into the option pricing model were the expected volatility, risk-free rate, expected term, fair value of HKJV and expected amounts of the future funding requirement. The fair value estimate of the option was most sensitive to the fair value of HKJV, which was unobservable. A discounted cash flow methodology was utilized to estimate the fair value of HKJV.

In September 2012 SAIC-HK exercised its option to not participate in future capital injections to HKJV. As a consequence of the decision to not participate in the capital injections and our settlement of a promissory note, SAIC-HK's interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest. We consolidated the assets and liabilities and the results of operations of HKJV beginning on September 1, 2012. Refer to Note 4 for further detail regarding the acquisition.

VMM Deconsolidation

In June 2011 we entered into a new shareholder agreement with Fiat Powertrain Technologies SPA related to VM Motori (VMM) in Italy. Under the new shareholder agreement, we retain 50% ownership but no longer have control. Accordingly, we removed the assets and liabilities of VMM, which included allocated goodwill of $36 million from our GME reporting unit, from our consolidated balance sheets and recorded an equity interest in the amount of $46 million.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	December 31, 2012	December 31, 2011
China JVs	$6,579	$6,452
Other investments	304	338
Total equity in net assets of nonconsolidated affiliates	$6,883	$6,790

At December 31, 2012 and 2011 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates, of which $3.4 billion and $3.3 billion at December 31, 2012 and 2011 were allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following tables present summarized financial data for all of our nonconsolidated affiliates (dollars in millions):

	December 31, 2012			December 31, 2011		
	China JVs	Others	Total	China JVs	Others	Total
Summarized Balance Sheet Data						
Current assets	$11,759	$2,642	$14,401	$10,882	$2,274	$13,156
Non-current assets	6,766	1,507	8,273	5,293	1,863	7,156
Total assets	$18,525	$4,149	$22,674	$16,175	$4,137	$20,312
Current liabilities	$12,612	$1,893	$14,505	$10,526	$1,492	$12,018
Non-current liabilities	756	758	1,514	651	934	1,585
Total liabilities	$13,368	$2,651	$16,019	$11,177	$2,426	$13,603
Non-controlling interests	$ 1,055	$ 1	$ 1,056	$ 948	$ —	$ 948

	Years Ended December 31,		
	2012	2011	2010
Summarized Operating Data			
China JV's net sales	$33,364	$30,511	$25,395
Others' net sales	3,963	4,242	17,500
Total net sales	$37,327	$34,753	$42,895
China JV's net income	$ 3,198	$ 3,203	$ 2,808
Others' net income (loss)	(23)	(13)	656
Total net income	$ 3,175	$ 3,190	$ 3,464

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Results of Operations			
Automotive sales and revenue	$2,572	$3,266	$2,910
Automotive purchases, net	$ 497	$1,044	$2,881
Interest income and other non-operating income, net	$ 184	$ 34	$ 43

	December 31, 2012	December 31, 2011
Financial Position		
Accounts and notes receivable, net	$1,668	$1,785
Accounts and notes payable	$ 167	$ 342
Deferred revenue and customer deposits	$ 46	$ 150

	Years Ended December 31,		
	2012	2011	2010
Cash Flows			
Operating	$3,385	$3,624	$719
Investing	$ (41)	$ (27)	$ (74)

Note 11. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Estimated Useful Lives in Years	December 31, 2012	December 31, 2011
Land		$ 2,107	$ 2,502
Buildings and improvements	5-40	4,601	4,701
Machinery and equipment	3-27	12,720	10,670
Construction in progress		3,018	3,070
Real estate, plants, and equipment		22,446	20,943
Less: accumulated depreciation		(5,556)	(4,611)
Real estate, plants, and equipment, net		16,890	16,332
Special tools, net	1-15	7,306	6,673
Total property, net		$24,196	$23,005

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Capitalized interest	$117	$91	$62

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	December 31, 2012	December 31, 2011
Capitalized software in use, net	$465	$280
Capitalized software in the process of being developed	$108	$113

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, GM Financial operating and other expenses, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation and amortization expense	$3,888	$3,604	$3,576
Impairment charges (a)	3,793	81	240
Depreciation, impairment charges and amortization expense	$7,681	$3,685	$3,816
Capitalized software amortization expense (b)	$ 209	$ 203	$ 195

(a) Includes GME assets whose fair value was $408 million at December 31, 2012. Also includes other assets whose fair value was determined to be $0 in the years ended December 31, 2012, 2011 and 2010 measured utilizing Level 3 inputs. Fair value measurements of the non-GME asset group long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in total depreciation, impairment charges and amortization expense.

GME Impairment Charges

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of real and personal property, the cost approach, market approach and income approach were considered. Under the cost approach, the determination of fair value considered the estimates of the cost to construct or purchase a new asset of equal utility at current prices with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. Under the market approach, the determination of fair value considered the market prices in transactions for similar assets and certain direct market values based on quoted prices from brokers and secondary market participants for similar assets. Under the income approach, the determination of fair value considered the estimate of the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset with adjustments in value for demolition costs and for the effect of an estimated holding period. Under the income approach, it was assumed fair value could not exceed the present value of the net cash flows discounted at a rate commensurate with the level of risk inherent in the subject asset. An in-exchange premise was determined to be the highest and best use.

The following table summarizes the significant Level 3 inputs for real and personal property measurements:

	Valuation Technique(s)	Unobservable Input(s)	Range
Real Property	Market approach	Demolition costs (a)	6% - 23%
	Cost approach	Holding period (b)	0 - 4 years
	Income approach	Discount rate (c)	11.2% - 14.5%
Personal Property	Market approach	Physical deterioration (d)	52% - 69%
	Cost approach	Functional obsolescence (e)	8% - 28%
		Economic obsolescence (f)	17% - 23%

(a) Represents estimated gross cost to demolish and clear the structures on the property as a percentage of replacement cost new.

(b) Represents estimated marketing period for each property; which dictates the amount of property specific holding costs to be incurred such as real estate taxes.

(c) Represents the discount rate for the specific property based on local market sources and available benchmarking data.

(d) Represents estimates of loss in asset value due to wear and tear, action of the elements, and other physical factors that reduce the life and serviceability of the asset.

(e) Represents estimated loss in asset value caused by inefficiencies and inadequacies of the asset itself.

(f) Represents estimated loss in asset value caused by factors external to the asset such as legislative enactments, changes in use, social change, and change in supply and demand.

As a result of our fair value estimates, we adjusted the carrying amount of the GME real and personal property to fair value and recorded asset impairment charges of $3.7 billion at December 31, 2012. These charges were recorded in our GME segment with $3.5 billion recorded in Automotive cost of sales and $0.2 billion recorded in Automotive selling, general and administrative expense. The fair value estimates for GME real and personal property are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes GME real and personal property measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	$408	$—	$—	$408	$3,714

Our recoverability test of the GME asset group also included intangible assets and other long-lived assets resulting in additional impairment charges of $1.8 billion at December 31, 2012, for a total of $5.5 billion. Refer to Note 13 for additional information regarding the impairment of intangible assets.

Note 12. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2011	$ 26,394	$ 3,053	$ 901	$165	$ 30,513	$1,265	$ 31,778
Effect of adoption of ASU 2010-28	—	(1,466)	—	—	(1,466)	—	(1,466)
Impairment charges	—	(1,016)	(270)	—	(1,286)	—	(1,286)
Deconsolidation of entity (a)	—	(36)	—	—	(36)	—	(36)
Goodwill from business combinations	5	—	—	—	5	14	19
Effect of foreign currency translation and other	—	46	(21)	(14)	11	(1)	10
Balance at December 31, 2011	26,399	581	610	151	27,741	1,278	29,019
Impairment charges	(26,399)	(590)	(156)	—	(27,145)	—	(27,145)
Goodwill from business combinations (b)	—	—	61	—	61	—	61
Effect of foreign currency translation and other	—	9	34	(5)	38	—	38
Balance at December 31, 2012	$ —	$ —	$ 549	$146	$ 695	$1,278	$ 1,973
Accumulated impairment charges at January 1, 2011	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2011	$ —	$(2,482)	$(270)	$ —	$ (2,752)	$ —	$ (2,752)
Accumulated impairment charges at December 31, 2012	$(26,399)	$(3,072)	$(426)	$ —	$(29,897)	$ —	$(29,897)

(a) Refer to Note 10 for additional information concerning the deconsolidation of VMM.

(b) Refer to Note 4 for additional information concerning the acquisition of HKJV.

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units. In addition, in the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units.

GMNA

Subsequent to our 2012 annual goodwill impairment testing, we reversed $36.2 billion of our deferred tax asset valuation allowances for our GMNA reporting unit. The reversal of the deferred tax asset valuation allowances resulted in the carrying amount of our GMNA reporting unit exceeding its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on the results of this event-driven impairment test we recorded a Goodwill impairment charge of $26.4 billion in the three months ended December 31, 2012. At December 31, 2012, GMNA's Goodwill balance was $0. Refer to Note 21 for additional information on the reversal of our deferred tax asset valuation allowances for our U.S. and Canadian operations.

GME

We adopted the provisions of ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28) on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed at March 31, 2012 and at December 31, and March 31, 2011, we recorded aggregate Goodwill impairment charges of $590 million and $1.0 billion in the years ended December 31, 2012 and 2011. At March 31, 2012, GME's Goodwill balance was $0.

GMIO

Based on our annual goodwill impairment testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011, as the fair value of GM Korea decreased below its carrying amount. We performed event-driven goodwill impairment tests for GM Korea for each three month period ended subsequent to October 1, 2011. The decrease in 2011 of GM Korea's fair value was driven by a higher level of anticipated economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates. Subsequent to our 2011 annual impairment testing we reversed a deferred tax asset valuation allowance for our GM Holden, Ltd. (Holden) reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value. At December 31, 2011 Holden's goodwill balance was $0. At October 1, 2012 based on our annual goodwill impairment testing we determined that the fair value of GM South Africa decreased below its carrying amount. Based on the results of our annual and event-driven goodwill impairment tests, we recorded total Goodwill impairment charges of $156 million and $270 million in the years ended December 31, 2012 and 2011 within our GMIO segment. At December 31, 2012 GM South Africa's goodwill balance was $0.

Impairment Charges

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the years ended December 31, 2012 and 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from the reversal of our deferred tax asset valuation allowances for certain reporting units thus resulting in the recorded amount for deferred taxes exceeding their fair values. The net decreases also resulted from improvements in our nonperformance risk and in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease was also due to an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. For the purpose of deriving an implied goodwill balance, deterioration in the business outlook for GME resulted in a reduction in the fair value of certain tax attributes and an increase in estimated employee benefit obligations. The amount of implied goodwill derived from GM Korea decreased primarily from a reduction in the fair value of certain tax attributes. The amount of implied goodwill derived from GMNA and Holden decreased primarily due to the recorded amount of deferred taxes exceeding the fair values of the tax attributes.

Fair Value Measurements

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units (excluding GM Financial) include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry volumes and our market share.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3

measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to Accounting Standards Codification (ASC) 805, "Business Combinations."

The following table summarizes the goodwill balances and key assumptions utilized for each of our reporting units that required a Step 2 analysis (dollars and vehicles in millions):

	Goodwill(b)	WACC	Long-Term Growth Rates	Industry Volumes (a)		Market Share (a)	
				2011/2012/2013	2015/2016	2011/2012/2013	2015/2016
GMNA — At December 31, 2012	$26,399	17.5%	1.5%	18.7	20.5	17.8%	18.9%
GME — At January 1, 2011	$ 3,053	17.0%	0.5%	18.4	22.0	6.6%	7.4%
GME — At March 31, 2011	$ 1,661	16.5%	0.5%	18.4	22.0	6.6%	7.4%
GME — At October 1, 2011	$ 1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GME — At December 31, 2011	$ 1,193	18.5%	0.5%	19.4	22.3	6.3%	6.9%
GME — At March 31, 2012	$ 594	17.5%	0.5%	19.1	21.9	6.2%	6.3%
GM Korea — At October 1, 2011 (c)	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At December 31, 2011 (c)	$ 596	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At March 31, 2012 (c)	$ 564	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At June 30, 2012 (c)	$ 523	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At September 30, 2012 (c)	$ 540	14.5%	3.0%	82.1	99.8	1.2%	1.2%
GM Korea — At December 31, 2012 (c)	$ 481	14.0%	3.0%	85.0	99.7	1.2%	1.2%
Holden — At December 31, 2011	$ 197	14.0%	2.0%	1.2	1.3	12.5%	12.6%
GM South Africa — At October 1, 2012	$ 38	13.3%	3.5%	0.7	0.9	10.4%	10.0%

(a) GMNA forecast volumes at December 31, 2012 are 2013 through 2016. GME forecast volumes at January 1, 2011 and March 31, 2011 are 2011 through 2015 and are 2012 through 2016 thereafter. GM Korea forecast volumes are 2012 through 2015, except for at September 30, 2012 which are 2012 through 2016 and December 31, 2012 which are 2013 through 2016. Holden forecast volumes at December 31, 2011 are 2012 through 2015. GM South Africa forecast volumes at October 1, 2012 are 2012 through 2016.

(b) Represents the balance of Goodwill evaluated for impairment under the Step 2 analysis.

(c) Industry forecast volumes and market share for GM Korea are based on global industry volumes because GM Korea exports vehicles globally.

The WACCs considered various factors including bond yields, risk premiums and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond the forecast period; and industry volumes and a market share for each reporting unit included annual estimates through the forecast period. In addition minimum operating cash needs that incorporate specific business, economic and regulatory factors giving rise to varying cash needs were estimated.

During our Step 2 analyses we determined the fair values of these reporting units had not increased sufficiently to give rise to implied goodwill other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting. On the various testing dates noted in the table above, our Step 2 analyses indicated GMNA's, GME's, GM Korea's, GM South Africa's and Holden's implied goodwill was less than their recorded goodwill; therefore, goodwill was adjusted at the various dates indicated in the table above, except for at June 30, 2012 GM Korea's implied goodwill exceeded its recorded goodwill. As such GM Korea's goodwill was not adjusted at June 30, 2012.

Future goodwill impairments that may be material could be recognized should economic uncertainty continue, our equity price decline on a sustained basis, global economies enter into another recession and industry growth stagnates, or should we release deferred tax asset valuation allowances in certain tax jurisdictions. In these circumstances future goodwill impairments would largely be affected by decreases in the fair value-to-U.S.-GAAP differences that have occurred subsequent to our application of fresh-start reporting, which in the future would primarily occur upon reversal of our remaining deferred tax asset valuation allowances or a decline in the fair value of GM Financial. Any declines would have a negative effect on our earnings that could be material.

Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Note 13. Intangible Assets, net

The following table summarizes the components of Intangible assets, net (dollars in millions):

	December 31, 2012				December 31, 2011			
	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	2	$ 7,775	$6,320	$1,455	3	$ 7,751	$5,081	$ 2,670
Brands	34	4,464	431	4,033	36	5,410	374	5,036
Dealer network and customer relationships	17	1,375	327	1,048	20	2,138	322	1,816
Favorable contracts	37	367	269	98	30	514	200	314
Other	0	17	17	—	1	17	14	3
Total amortizing intangible assets	25	13,998	7,364	6,634	24	15,830	5,991	9,839
Nonamortizing in process research and development		175		175		175		175
Total intangible assets		$14,173	$7,364	$6,809		$16,005	$5,991	$10,014

The following table summarizes the amortization expense and impairment charges related to Intangible assets, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Amortization expense	$1,568	$1,804	$2,561
Impairment charges	$1,755	$ —	$ —

The following table summarizes estimated amortization expense related to Intangible assets, net in each of the next five years (dollars in millions):

	2013	2014	2015	2016	2017
Estimated amortization expense	$1,165	$549	$251	$251	$249

GME Impairment Charges

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with

overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of the brand intangible assets, we used the relief from royalty method, which is a form of the income approach. Under this approach, revenue associated with the brand is projected over the expected remaining useful life of the asset. A royalty rate is then applied to estimate the royalty savings. The royalty rate used was based on an analysis of empirical, market-derived royalty rates for guideline intangible assets and a profit split analysis to determine a rate that is economically supported by GME's forecasted profitability. The net after-tax royalty savings are calculated for each year during the remaining economic life of the asset and discounted to present value.

To determine the estimated fair value of the dealer network, we used the cost approach with adjustments in value for the overcapacity of dealers and the sales environment in the region. We determined the fair value to be $0.

The following table summarizes the significant Level 3 inputs for brand intangible assets measurements:

	Valuation Technique	Unobservable Input(s)	Percentage
Brand intangible assets	Income approach	Long-term growth rate	0.50%
		Pre-tax royalty rate (a)	0.14%
		Discount rate (b)	21.25%

(a) Represents estimated savings realized from owning the asset or having the royalty-free right to use the asset.

(b) Represents WACC adjusted for perceived business risks related to these intangible assets.

As a result of our fair value estimates, we adjusted the carrying amount of the GME intangible assets to fair value and recorded asset impairment charges of $1.8 billion at December 31, 2012. These charges were recorded in our GME segment with $1.6 billion recorded in Automotive selling, general and administrative expense and $0.2 billion recorded in Automotive cost of sales. The fair value estimates for GME's intangible assets are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes brand intangible assets in GME measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	$139	$ —	$ —	$139	$1,755

Our recoverability test of the GME asset group includes real and personal property, resulting in additional impairment charges of $3.7 billion at December 31, 2012, for a total of $5.5 billion. Refer to Note 11 for additional information regarding the impairment of real and personal property.

Note 14. Restricted Cash and Marketable Securities

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Refer to Note 7 for additional information on securities classified as Restricted cash and marketable securities.

Automotive

At December 31, 2012 and 2011 we held securities of $403 million and $562 million that were classified as Restricted cash and marketable securities.

The following table summarizes the components of Restricted cash and marketable securities (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Total current restricted cash and marketable securities (a)	$220	$ 206
Non-current		
Collateral for insurance related activities	74	407
Other restricted cash and marketable securities (a)	306	505
Total non-current restricted cash and marketable securities	380	912
Total restricted cash and marketable securities	$600	$1,118

(a) Includes amounts related to various deposits, escrows and other cash collateral.

Automotive Financing — GM Financial

The following table summarizes the components of Restricted cash (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Securitization notes and credit facilities	$442	$ 758
Other (a)	24	41
Total current restricted cash	466	799
Non-current		
Securitization notes and credit facilities	302	298
Other (a)	—	18
Total non-current restricted cash	302	316
Total restricted cash	$768	$1,115

(a) Pledged in association with derivative transactions and cash collections related to leases serviced for a third-party.

Note 15. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing and selling venture arrangements, the most significant of which is GM Egypt. We consolidated GM Egypt in January 2010 in connection with our adoption of amendments to ASC 810, "Consolidation." GM Egypt, a 31% owned operating entity, assembles and manufactures vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. At December 31, 2012 and 2011; (1) Total assets of these VIEs were $436 million and $463 million, which were composed of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $254 million and $298 million, which were composed of Accounts payable (principally trade), and Accrued and other liabilities. In the years ended December 31, 2012 and 2011 Total net sales and revenue recorded for these consolidated VIEs were $1.0 billion and $748 million and Net income was $56 million and $61 million. These amounts are stated prior to intercompany eliminations. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations.

HKJV and GM Korea are non-wholly owned consolidated subsidiaries that we control through a majority voting interest. They are also VIEs because in the future they may require additional subordinated financial support.

The following table summarizes the liabilities of HKJV and GM Korea for which their creditors do not have recourse to our general credit (dollars in millions):

	December 31, 2012			December 31, 2011
	GM Korea	HKJV (a)	Total	GM Korea
Short-term debt	$124	$104	$228	$171
Current derivative	$ 18	$ —	$ 18	$ 44
Long-term debt	$ 2	$120	$122	$ 7

(a) Consolidated effective September 1, 2012. Refer to Notes 4 and 10 for additional information on the acquisition of HKJV.

In February 2011 we provided a guarantee to a minority shareholder in GM Korea to repurchase the GM Korea mandatorily redeemable preferred shares according to the redemption schedule should GM Korea not repurchase the shares. This guarantee decreased the amount of long-term debt which did not have recourse to our general credit in the years ended December 31, 2012 and 2011.

Automotive Financing — GM Financial

GM Financial finances its loan and lease origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains a residual interest in these entities and is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The SPEs are considered VIEs because they do not have sufficient equity at risk and are consolidated because GM Financial has the power over those activities that most significantly affect the economic performance of the SPEs. The finance receivables, leased assets and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 5, 6 and 17 for additional information on GM Financial's involvement with the SPEs.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing and selling venture arrangements and other automotive related entities to which we provided financial support, including HKJV prior to September 2012 and Ally Financial. We concluded these entities are VIEs because they do not have sufficient equity at risk or may require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 27 (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Assets				
Equity in net assets of nonconsolidated affiliates	$117	$113	$190	$186
Other assets	12	12	2	2
Total assets	$129	$125	$192	$188
Liabilities				
Other liabilities	$ 45		$198	
Off-Balance Sheet				
Loan commitments		$ 15		$ 15
Other liquidity arrangements (a)		17		220
Total guarantees and liquidity arrangements		$ 32		$235

(a) Amounts at December 31, 2011 represented additional contingent future capital funding requirements related primarily to HKJV.

Refer to Note 27 for additional information on Ally Financial, including our maximum exposure to loss under agreements with Ally Financial and our recorded investment in Ally Financial. Refer to Notes 4 and 10 for additional information on our investment in HKJV.

Note 16. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Dealer and customer allowances, claims and discounts	$ 7,722	$ 6,820
Deposits primarily from rental car companies	4,250	4,883
Deferred revenue	1,326	1,137
Policy, product warranty and recall campaigns	2,919	3,061
Payrolls and employee benefits excluding postemployment benefits	2,144	1,993
Other	4,947	4,981
Total accrued liabilities	$23,308	$22,875
Non-current		
Deferred revenue	$ 1,169	$ 1,300
Policy, product warranty and recall campaigns	4,285	3,539
Employee benefits excluding postemployment benefits	1,359	1,380
Postemployment benefits including facility idling reserves	1,518	1,674
Other	4,838	4,549
Total other liabilities and deferred income taxes	$13,169	$12,442

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$ 6,600	$ 6,789	$ 7,030
Warranties issued and assumed in period	3,394	3,062	3,204
Payments	(3,393)	(3,740)	(3,662)
Adjustments to pre-existing warranties	539	565	210
Effect of foreign currency translation	64	(76)	7
Ending balance	$ 7,204	$ 6,600	$ 6,789

Note 17. Short-Term and Long-Term Debt

Automotive

Short-Term Debt and Long-Term Debt

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt		
Wholesale financing (a)	$ 889	$ 1,081
GM Korea mandatorily redeemable preferred shares	467	312
Capital leases	183	139
Other short-term debt and current portion of long-term debt	209	150
Total automotive short-term debt and current portion of long-term debt	1,748	1,682
Long-term debt		
Canadian Health Care Trust (HCT) notes	1,239	1,141
GM Korea mandatorily redeemable preferred shares	—	666
Capital leases	855	853
Other long-term debt (a)	1,330	953
Total automotive long-term debt	3,424	3,613
Total automotive debt (b)	$ 5,172	$ 5,295
Fair value of automotive debt (c)	$ 5,298	$ 5,467
Available under credit facility agreements	$ 11,119	$ 5,308
Interest rate range on outstanding debt (d)	0.0-19.0%	0.0-19.0%
Weighted-average interest rate on outstanding short-term debt (d)	3.7%	5.0%
Weighted-average interest rate on outstanding long-term debt (d)	4.0%	3.6%

(a) Includes debt obligations to Ally Financial of $869 million and $1.1 billion at December 31, 2012 and 2011.

(b) Net of a $1.1 billion and $1.6 billion discount at December 31, 2012 and 2011.

(c) The fair value of debt included $4.1 billion and $4.4 billion measured utilizing Level 2 inputs at December 31, 2012 and 2011. The fair value of debt included $1.2 billion and $1.1 billion measured utilizing Level 3 inputs at December 31, 2012 and 2011.

(d) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The Level 2 fair value measurements utilize a discounted cash flow model. The valuation is reviewed internally by personnel with appropriate expertise in valuation methodologies. This model utilizes observable inputs such as contractual repayment terms and benchmark forward yield curves, plus a spread that is intended to represent our nonperformance risk for secured or unsecured obligations. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolving credit facilities, yields on traded bonds of companies with comparable credit ratings and risk profiles. We acquire the benchmark yield curves and nonperformance risk spread from independent sources that are widely used in the financial industry. In certain circumstances we adjust the valuation of debt for additional nonperformance risk or potential prepayment probability scenarios. We may use a probability weighting of prepayment scenarios when the stated rate exceeds market rates and the instrument contains prepayment features. The prepayment scenarios are adjusted to reflect the views of market participants. The fair value measurements subject to additional adjustments for nonperformance risk or prepayment have been categorized within Level 3.

The following table summarizes our short-term and long-term debt by collateral type (dollars in millions):

	December 31, 2012	December 31, 2011
Unsecured debt	$2,952	$3,065
Secured debt (a)	1,182	1,238
Capital leases	1,038	992
Total automotive debt	$5,172	$5,295

(a) Includes wholesale financing of dealer inventory.

Wholesale Financing

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our product and generally do not require cash outflows to settle. Balances under these facilities fluctuate period to period based on the volume of vehicles financed.

HCT Notes

As part of the establishment of the HCT to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrue interest at an annual rate of 7.0%. The notes are due in periodic installments through 2018. We may prepay these notes at any time. Refer to Note 18 for additional information on the HCT settlement.

GM Korea Preferred Shares

GM Korea has outstanding non-convertible mandatorily redeemable preferred shares. Dividends accrued at a rate of 2.5% through October 2012 at which time the rate increased to 7.0% and remains in effect through 2017. The mandatorily redeemable preferred shares are redeemable in periodic installments through 2017. In February 2011 we provided a guarantee to repurchase the mandatorily redeemable preferred shares according to the redemption schedule if GM Korea does not have sufficient legally distributable earnings. In December 2012 GM Korea made a payment of $671 million to redeem early a portion of shares that had a carrying amount of $429 million and the difference was recorded as a loss on extinguishment of debt. GM Korea has the option to redeem the remainder of the shares early provided sufficient legally distributable earnings exist.

Secured Revolving Credit Facilities

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities consist of a three-year, $5.5 billion facility and a five-year, $5.5 billion facility and replaced our previous five-year, $5.0 billion secured revolving credit facility that we entered into in October 2010. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of approximately $485 million and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $207 million at December 31, 2012.

The five-year, $5.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $500 million. This facility is not available to GM Financial.

Our obligations under the secured revolving credit facilities are guaranteed by certain of our domestic subsidiaries and by a substantial portion of our domestic assets including accounts receivable, inventory, property, plant and equipment, intellectual property and trademarks, equity interests in certain of our direct domestic subsidiaries as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facilities does not include, among other assets, cash, cash equivalents and marketable securities as well as our investments in GM Financial, GM Korea and in our China JVs. If we receive an investment grade corporate rating from two or more of the following credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we will no longer have to post collateral or provide guarantees from certain domestic subsidiaries under the terms of the facilities. If we fail to maintain an investment grade corporate rating from at least two of the above listed rating agencies, these guarantees will be reinstated.

The secured revolving credit facilities contain representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. These restricted payments include, among others, limitations on our ability to pay dividends and purchase our common stock in certain circumstances. The facilities contain minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Interest rates on obligations under the secured revolving credit facilities are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the secured revolving credit facilities or our corporate rating depending on certain criteria.

UST Credit Agreement

In April 2010 we repaid the full outstanding amount under the loan agreement with the United States Department of the Treasury (UST). Amounts repaid under the agreement may not be reborrowed. While we have repaid the loans from the UST in full, certain of the covenants in the UST credit agreement remain, including covenants regarding executive compensation and expense policies. These covenants remain effective until it is determined that we are not a recipient of exceptional financial assistance or their earlier termination.

Gains (Losses) on Extinguishment of Debt

In the year ended December 31, 2012 we prepaid and retired debt obligations with a total carrying amount of $514 million and recorded a loss on extinguishment of debt of $250 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares of $242 million. In the year ended December 31, 2011 we prepaid and retired in full debt facilities of $1.0 billion held by certain of our subsidiaries, primarily in GMNA and GMSA, and recorded a gain on these debt facilities of $18 million. In the year ended December 31, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Note Agreement (VEBA Notes) of $2.8 billion, which resulted in a gain on extinguishment debt of $198 million.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2012.

Automotive Financing — GM Financial

The following table summarizes the current and non-current portion of debt (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt and current portion of long-term debt	$ 3,770	$4,118
Long-term debt	7,108	4,420
Total GM Financial debt	$10,878	$8,538

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

		December 31, 2012		December 31, 2011	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Credit facilities					
Medium-term note facility	3	$ —	$ —	$ 294	$ 294
Syndicated warehouse facility	2	—	—	621	621
Lease warehouse facilities	2	354	354	181	181
Bank funding facility	3	—	—	3	3
Total credit facilities		354	354	1,099	1,099
Securitization notes payable					
Securitization notes payable	1	8,534	8,669	6,938	6,946
Private securitization 2012-PP1	3	490	502		
Total securitization notes payable		9,024	9,171	6,938	6,946
Senior notes	2	1,500	1,620	501	511
Total GM Financial debt		$10,878	$11,145	$8,538	$8,556

The carrying amounts of the syndicated warehouse facility and lease warehouse facilities are considered to be a reasonable estimate of their fair values because these facilities have variable rates of interest and maturities of approximately one year. The fair values of the bank funding facility, securitization notes payable and senior notes are based on quoted market prices, when available. If quoted prices are not available the market value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

The estimated fair value of the medium-term note facility is based on observable and unobservable inputs. Observable inputs are used regarding an advance rate on the receivables to generate an estimated debt amount as well as the interest rate used to calculate the series of estimated principal payments. Those series of principal and interest payments are discounted using an unobservable interest rate based on the most recent securitization in order to estimate fair value which would approximate the market value.

GM Financial uses observable and unobservable inputs to estimate the fair value for the private securitization 2012-PP1. Unobservable inputs are related to the structuring of the debt into various classes, which is based on public securitizations issued during the same time frame. Observable inputs are used by obtaining active prices based on the securitization debt issued during the same time frame. These observable inputs are then used to create expected market prices (unobservable inputs), which are then applied to the debt classes in order to estimate fair value which would approximate market value.

Credit Facilities

The following table summarizes further details regarding terms and availability of GM Financial's credit facilities at December 31, 2012 (dollars in millions):

	Facility Amount	Advances Outstanding	Assets Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$2,500	$ —	$ —	$—
Canada lease warehouse facility (c)	$ 803	354	540	3
U.S. lease warehouse facility (d)	$ 600	—	—	—
		$354	$540	$ 3

(a) These amounts do not include cash collected on finance receivables and leasing related assets pledged of $12 million which is included in Restricted cash and marketable securities.

(b) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.

(c) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. Borrowings in the facility are collateralized by leased assets. At December 31, 2012 the facility amount represents Canadian Dollar (CAD) $800 million and the advances outstanding amount represents CAD $353 million.

(d) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the related leased assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

As previously described GM Financial has the ability to borrow against our three-year $5.5 billion secured revolving credit facility.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase accounting premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2012 and 2011 unamortized purchase accounting premium of $11 million and $43 million is included in Securitization notes payable.

The following table summarizes securitization notes payable (dollars in millions):

	December 31, 2012					December 31, 2011
Year of Transactions	Maturity Dates (a)	Original Note Amounts	Original Weighted-Average Interest Rates	Total Receivables Pledged	Note Balance	Note Balance
2006	January 2014	$ 1,200	5.4%	$ —	$ —	$ 63
2007	October 2013 – March 2016	$1,000 - 1,500	5.2% - 5.5%	—	—	794
2008	January 2015 – April 2015	$ 500	8.7% - 10.5%	147	24	171
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	207	160	298
2010	July 2017 – April 2018	$ 200 - 850	2.2% - 3.8%	1,230	1,095	1,756
2011	July 2018 – March 2019	$ 800 - 1,000	2.4% - 2.9%	2,728	2,519	3,813
2012	June 2019 – May 2020	$ 800 - 1,300	1.4% - 2.9%	5,590	5,215	
				$9,902	9,013	6,895
Purchase accounting premium					11	43
Total securitization notes payable					$9,024	$6,938

(a) Maturity dates represent final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Senior Notes

In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions. The notes are guaranteed by GM Financial's principal operating subsidiary.

In connection with the issuance of these senior notes, GM Financial entered into a registration rights agreement that requires GM Financial to file a registration statement with the Securities and Exchange Commission (SEC) for an exchange offer with respect to the 4.75% senior notes and the subsidiary guaranty. If the registration statement has not been declared effective by the SEC within 365 days from the original issuance of the senior notes or ceases to remain effective, GM Financial will be required to pay the 4.75% senior note holders a maximum amount of $0.50 per week of additional interest per $1,000 of principal during the time the registration statement is not effective, for a period of up to one year.

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Interest Expense

Consolidated

The following table summarizes interest expense (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Loans from UST	$ —	$ —	$ 117
Canadian Loan	—	—	26
VEBA Notes	—	—	166
Capital leases	98	101	72
Amortization of debt discounts and issuance fees	189	200	163
Ally Financial, primarily wholesale financing	41	63	243
Other	161	176	311
Total Automotive interest expense	489	540	1,098
GM Financial interest expense	283	204	37
Total interest expense	$772	$744	$1,135

Debt Maturities

Consolidated

The following table summarizes contractual maturities including capital leases at December 31, 2012 (dollars in millions):

	Automotive	Automotive Financing (a)	Total
2013	$1,289	$ 3,760	$ 5,049
2014	315	2,324	2,639
2015	473	1,772	2,245
2016	363	1,073	1,436
2017	1,391	1,438	2,829
Thereafter	2,369	500	2,869
	$6,200	$10,867	$17,067

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2012 future interest payments on automotive capital lease obligations were $644 million. GM Financial does not have capital lease obligations at December 31, 2012.

Note 18. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased on September 30, 2012 for U.S. salaried employees and on December 31, 2012 for Canadian salaried employees. There is also an unfunded nonqualified pension plan covering primarily U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute $97 million to our U.S. non-qualified plans and $823 million to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	$2,420	$1,962	$4,095
Non-U.S.	855	836	777
Total	$3,275	$2,798	$4,872

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset portfolio mix to reduce funded status volatility.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Employer contributions	$432	$426	$651
Plan participants' contributions	4	13	53
Total contributions	$436	$439	$704

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $0.8 billion and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after October 1, 2007 also participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans.

The following table summarizes our contributions to defined contribution plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total contributions	$352	$297	$241

Significant Plan Amendments, Benefit Modifications and Related Events

U.S. Salaried Defined Benefit Pension Plan

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $309 million. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $654 million, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.

In August 2012 lump-sum distributions of $3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of $54 million. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of $25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate insurance companies, totaling $1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of $2.5 billion ($2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $377 million, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $413 million is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $596 million associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit).

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan $2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 $1.5 billion of the $2.0 billion loan was contributed to the Retiree Plan, $250 million was repaid to us and the remaining $250 million, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of $180 million to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 $160 million of the remaining $250 million loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012 and provide active employees a lump-sum distribution option at retirement. The remeasurement, amendments and offsetting curtailment increased the pension liability by $84 million, and resulted in a net decrease in the pre-tax components of Accumulated other comprehensive loss comprising net actuarial loss of $58 million, net actuarial curtailment gain of $20 million and prior service cost of $46 million. Active plan participants will receive additional contributions in the defined contribution plan starting in January 2013.

We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan. These amendments decreased the OPEB liability by $28 million and resulted in a net increase in the pre-tax components of Accumulated other comprehensive loss comprising prior service credit of $51 million and net actuarial loss of $23 million.

Canadian HCT

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement and recorded a gain of $749 million in Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of Accumulated other comprehensive loss of $414 million.

Other Remeasurements

In March 2012 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in an increase of $150 million in the pension liability and a pre-tax increase in the net actuarial loss component of Accumulated other comprehensive loss.

In September 2011 a plan which provides legal services to U.S. hourly employees and retirees was remeasured as a result of our labor agreement provisions which terminate the plan effective December 31, 2013. The negotiated termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive loss, which is being amortized through December 31, 2013.

In March 2011 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in a decrease of $272 million in the pension liability and a pre-tax increase in the net actuarial gain component of Accumulated other comprehensive loss.

Refer to Note 12 for additional information on our Goodwill impairment.

Pension and OPEB Obligations and Plan Assets

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Year Ended December 31, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations				
Beginning benefit obligation	$108,562	$ 25,765	$ 5,822	$ 1,490
Service cost	452	383	23	16
Interest cost	4,055	1,110	234	63
Plan participants' contributions	—	7	4	1
Amendments	(32)	139	—	(52)
Actuarial losses	8,432	2,774	622	13
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	682	—	30
Curtailments, settlements and other	(30,937)	(8)	2	22
Ending benefit obligation	82,110	29,301	6,271	1,528
Change in plan assets				
Beginning fair value of plan assets	94,349	14,541	—	—
Actual return on plan assets	10,332	1,344	—	—
Employer contributions	2,420	855	432	54
Plan participants' contributions	—	7	4	1
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	389	—	—
Settlements	(30,629)	(207)	—	—
Other	35	163	—	—
Ending fair value of plan assets	68,085	15,541	—	—
Ending funded status	$ (14,025)	$(13,760)	$(6,271)	$(1,528)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 73	$ —	$ —
Current liabilities	(95)	(343)	(406)	(84)
Non-current liabilities	(13,930)	(13,490)	(5,865)	(1,444)
Net amount recorded	$ (14,025)	$(13,760)	$(6,271)	$(1,528)
Amounts recorded in Accumulated other comprehensive loss				
Net actuarial loss	$ (1,434)	$ (4,786)	$(1,573)	$ (188)
Net prior service (cost) credit	42	(111)	135	118
Total recorded in Accumulated other comprehensive loss	$ (1,392)	$ (4,897)	$(1,438)	$ (70)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations				
Beginning benefit obligation	$103,395	$ 24,762	$ 5,667	$ 4,252
Service cost	494	399	23	30
Interest cost	4,915	1,215	265	186
Plan participants' contributions	—	7	13	9
Amendments	(6)	(10)	(284)	(2)
Actuarial losses	8,494	1,530	548	343
Benefits paid	(8,730)	(1,561)	(439)	(180)
Early retirement reinsurance program receipts	—	—	29	—
Foreign currency translation adjustments	—	(508)	—	(128)
HCT settlement	—	—	—	(3,051)
Curtailments, settlements, and other	—	(69)	—	31
Ending benefit obligation	108,562	25,765	5,822	1,490
Change in plan assets				
Beginning fair value of plan assets	91,007	14,903	—	—
Actual return on plan assets	10,087	686	—	—
Employer contributions	1,962	836	426	171
Plan participants' contributions	—	7	13	9
Benefits paid	(8,730)	(1,561)	(439)	(180)
Foreign currency translation adjustments	—	(258)	—	—
Settlements	—	(34)	—	—
Other	23	(38)	—	—
Ending fair value of plan assets	94,349	14,541	—	—
Ending funded status	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 61	$ —	$ —
Current liabilities	(99)	(324)	(411)	(65)
Non-current liabilities	(14,114)	(10,961)	(5,411)	(1,425)
Net amount recorded	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in Accumulated other comprehensive loss				
Net actuarial loss	$ (1,352)	$ (2,498)	$(1,003)	$ (177)
Net prior service credit	15	19	251	76
Total recorded in Accumulated other comprehensive loss	$ (1,337)	$ (2,479)	$ (752)	$ (101)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	December 31, 2012		December 31, 2011	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$82,103	$28,880	$108,195	$25,404
Plans with ABO in excess of plan assets				
ABO	$82,103	$28,156	$108,195	$24,687
Fair value of plan assets	$68,085	$14,702	$ 94,349	$13,738
Plans with PBO in excess of plan assets				
PBO	$82,110	$28,537	$108,562	$25,024
Fair value of plan assets	$68,085	$14,704	$ 94,349	$13,739

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Year Ended December 31, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 590	$ 411	$ 23	$ 16
Interest cost	4,055	1,110	234	63
Expected return on plan assets	(5,029)	(870)	—	—
Amortization of prior service cost (credit)	(1)	1	(116)	(12)
Recognized net actuarial loss	2	35	52	6
Curtailments, settlements and other losses	2,580	71	—	11
Net periodic pension and OPEB expense	$ 2,197	$ 758	$ 193	$ 84
Weighted-average assumptions used to determine benefit obligations				
Discount rate	3.59%	3.70%	3.68%	3.97%
Rate of compensation increase (a)	N/A	2.77%	4.50%	4.21%
Weighted-average assumptions used to determine net expense				
Discount rate	4.06%	4.45%	4.24%	4.31%
Expected return on plan assets	6.18%	6.20%	N/A	N/A
Rate of compensation increase	4.50%	3.15%	4.50%	4.21%

(a) As a result of ceasing the accrual of additional benefits for participants in the Retiree Plan in 2012, the rate of compensation increase does not have a significant effect on our U.S. pension plans.

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 632	$ 399	$ 23	$ 30
Interest cost	4,915	1,215	265	186
Expected return on plan assets	(6,692)	(925)	—	—
Amortization of prior service credit	(2)	(2)	(39)	(9)
Recognized net actuarial loss	—	—	6	—
Curtailments, settlements and other gains	(23)	(7)	—	(749)
Net periodic pension and OPEB (income) expense	$(1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense				
Discount rate	4.96%	5.16%	5.05%	5.01%
Expected return on plan assets	8.00%	6.50%	N/A	N/A
Rate of compensation increase	3.96%	3.25%	4.50%	4.42%

	Year Ended December 31, 2010			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognized net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	N/A
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

U.S. pension plan service cost includes administrative expenses of $138 million, $138 million and $97 million for the years ended December 31, 2012, 2011 and 2010. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements.

Non-U.S. pension plan service cost includes administrative expenses of $28 million for the year ended December 31, 2012.

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ended 2013 based on December 31, 2012 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service (credit) cost	$(4)	$ 20	$(116)	$(15)
Amortization of net actuarial loss (gain)	6	206	91	7
	$ 2	$226	$ (25)	$ (8)

Assumptions

Healthcare Trend Rate

As a result of previous modifications made to healthcare plans, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. The implementation of the HCT at October 31, 2011 eliminated significant exposure to changes in the healthcare cost trend rate for non-U.S. plans.

	December 31, 2010
Assumed Healthcare Trend Rates	
Initial healthcare cost trend rate	5.6%
Ultimate healthcare cost trend rate	3.4%
Number of years to ultimate trend rate	8

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates for non-U.S. plans (dollars in millions):

	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
Change in Assumption		
One percentage point increase	$ 31	$ 491
One percentage point decrease	$(25)	$(392)

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected long-term return on asset assumptions for the U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent plan performance and historical returns, the expected long-term return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be appropriate in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the complementary objectives of reaching fully funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

The expected long-term return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans. The rates of 6.2% and 6.5% for the years ended December 31, 2012 and 2011 represent weighted-average rates of all of the funded non-U.S. plans.

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	December 31, 2012		December 31, 2011	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	19%	30%	14%	34%
Debt	60%	53%	66%	45%
Alternatives (a)	21%	17%	20%	21%
Total	100%	100%	100%	100%

(a) Includes private equity, real estate and absolute return strategies which primarily consist of hedge funds.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2012				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2012				Total U.S. and Non-U.S. Plan Assets
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	
Cash equivalents and other short-term investments	$ —	$ 551	$ —	$ 551	$ —	$ 151	$ —	$ 151	$ 702
Common and preferred stocks (a)	9,663	26	19	9,708	2,227	—	—	2,227	11,935
Government and agency debt securities (b)	—	17,835	—	17,835	—	3,722	—	3,722	21,557
Corporate debt securities (c)	—	19,116	77	19,193	—	2,596	2	2,598	21,791
Agency mortgage and asset-backed securities	—	1,544	—	1,544	—	38	—	38	1,582
Non-agency mortgage and asset-backed securities	—	260	105	365	—	16	3	19	384
Investment funds									
Equity funds	66	253	195	514	212	2,009	—	2,221	2,735
Fixed income funds	16	498	190	704	—	1,046	14	1,060	1,764
Funds of hedge funds	—	—	3,768	3,768	—	—	627	627	4,395
Global macro funds	—	111	11	122	—	—	—	—	122
Multi-strategy funds	—	583	727	1,310	—	26	—	26	1,336
Other investment funds (d)	—	143	68	211	—	9	—	9	220
Private equity and debt investments (e)	—	—	6,400	6,400	—	—	381	381	6,781
Real estate investments (f)	412	—	4,335	4,747	19	31	1,422	1,472	6,219
Other investments	—	—	63	63	—	—	665	665	728
Derivatives									
Interest rate contracts	15	1,553	—	1,568	—	—	—	—	1,568
Foreign currency exchange contracts	—	38	—	38	—	40	—	40	78
Equity contracts	6	86	1	93	2	—	—	2	95
Total assets	10,178	42,597	15,959	68,734	2,460	9,684	3,114	15,258	83,992
Liabilities									
Government and agency debt securities (g)	—	(15)	—	(15)	—	—	—	—	(15)
Derivatives									
Interest rate contracts	(21)	(977)	(8)	(1,006)	(4)	—	—	(4)	(1,010)
Foreign currency exchange contracts	—	(37)	—	(37)	—	(36)	—	(36)	(73)
Equity contracts	(4)	(86)	(1)	(91)	(1)	—	—	(1)	(92)
Total liabilities	(25)	(1,115)	(9)	(1,149)	(5)	(36)	—	(41)	(1,190)
Net plan assets subject to leveling	$10,153	$41,482	$15,950	67,585	$2,455	$9,648	$3,114	15,217	82,802
Other plan assets and liabilities (h)				500				324	824
Net Plan Assets				$ 68,085				$ 15,541	$ 83,626

	Fair Value Measurements of U.S. Plan Assets at December 31, 2011				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2011				Total U.S. and Non-U.S. Plan Assets
Assets	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Cash equivalents and other short-term investments	$ —	$ 100	$ —	$ 100	$ —	$ 533	$ —	$ 533	$ 633
Common and preferred stocks (a)	11,134	78	46	11,258	2,109	2	—	2,111	13,369
Government and agency debt securities (b)	—	21,531	3	21,534	—	3,613	1	3,614	25,148
Corporate debt securities (c)	—	22,725	352	23,077	—	1,820	4	1,824	24,901
Agency mortgage and asset-backed securities	—	1,847	—	1,847	—	94	—	94	1,941
Non-agency mortgage and asset-backed securities	—	1,399	197	1,596	—	49	4	53	1,649
Group annuity contracts	—	—	3,209	3,209	—	—	—	—	3,209
Investment funds									
Equity funds	23	852	521	1,396	—	1,837	146	1,983	3,379
Fixed income funds	—	1,092	1,210	2,302	—	1,142	20	1,162	3,464
Funds of hedge funds	—	—	5,918	5,918	—	—	585	585	6,503
Global macro funds	—	266	4	270	—	—	236	236	506
Multi-strategy funds	24	949	2,123	3,096	—	24	—	24	3,120
Other investment funds (d)	—	335	143	478	—	—	11	11	489
Private equity and debt investments (e)	—	—	8,444	8,444	—	—	298	298	8,742
Real estate investments (f)	1,279	—	5,092	6,371	13	27	1,345	1,385	7,756
Other investments	—	—	—	—	—	—	428	428	428
Derivatives									
Interest rate contracts	138	4,180	9	4,327	4	—	—	4	4,331
Foreign currency exchange contracts	—	152	—	152	—	59	—	59	211
Equity contracts	61	15	—	76	17	—	—	17	93
Credit contracts	—	79	—	79	—	—	—	—	79
Total assets	12,659	55,600	27,271	95,530	2,143	9,200	3,078	14,421	109,951
Liabilities									
Agency mortgage and asset-backed securities (g)	—	(67)	—	(67)	—	—	—	—	(67)
Derivatives									
Interest rate contracts	(28)	(1,752)	(2)	(1,782)	(4)	—	—	(4)	(1,786)
Foreign currency exchange contracts	—	(75)	—	(75)	—	(46)	—	(46)	(121)
Equity contracts	(17)	(14)	—	(31)	(3)	—	—	(3)	(34)
Credit contracts	—	(29)	(6)	(35)	—	—	—	—	(35)
Total liabilities	(45)	(1,937)	(8)	(1,990)	(7)	(46)	—	(53)	(2,043)
Net plan assets subject to leveling	$12,614	$53,663	$27,263	93,540	$2,136	$9,154	$3,078	14,368	107,908
Other plan assets and liabilities (h)				809				173	982
Net Plan Assets				$94,349				$14,541	$108,890

(a) Includes GM common stock of $1.4 billion and $1.2 billion within Level 1 of U.S. plan assets at December 31, 2012 and 2011.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Primarily investments in alternative investment funds.

(e) Includes private equity investment funds.

(f) Includes investment funds and public real estate investment trusts.

(g) Primarily investments sold short.

(h) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following tables summarize the activity for U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets						
Common and preferred stocks	$ 46	$ 1	$ (25)	$ (3)	$ 19	$ 3
Government and agency debt securities	3	(1)	(2)	—	—	—
Corporate debt securities	352	1	(258)	(18)	77	(35)
Non-agency mortgage and asset-backed securities	197	34	(120)	(6)	105	24
Group annuity contracts	3,209	77	(3,286)	—	—	—
Investment funds						
Equity funds	521	51	(414)	37	195	18
Fixed income funds	1,210	47	(1,067)	—	190	(3)
Funds of hedge funds	5,918	310	(2,460)	—	3,768	239
Global macro funds	4	—	(1)	8	11	—
Multi-strategy funds	2,123	53	(1,453)	4	727	(6)
Other investment funds	143	2	(77)	—	68	4
Private equity and debt investments	8,444	1,022	(3,038)	(28)	6,400	154
Real estate investments	5,092	198	(955)	—	4,335	(80)
Other Investments	—	—	63	—	63	—
Total assets	27,262	1,795	(13,093)	(6)	15,958	318
Derivatives, net						
Interest rate contracts	7	3	(14)	(4)	(8)	(1)
Equity contracts	—	1	(1)	—	—	—
Credit contracts	(6)	—	6	—	—	—
Total net assets	$27,263	$1,799	$(13,102)	$(10)	$15,950	$317

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
Assets						
Common and preferred stocks	$ 64	$ (4)	$ (11)	$ (3)	$ 46	$ (53)
Government and agency debt securities	75	(9)	(63)	—	3	1
Corporate debt securities	562	(29)	(168)	(13)	352	(49)
Non-agency mortgage and asset-backed securities	821	(8)	(625)	9	197	(57)
Group annuity contracts	3,115	302	(208)	—	3,209	302
Investment funds						
Equity funds	382	(129)	268	—	521	(120)
Fixed income funds	2,287	40	(1,026)	(91)	1,210	124
Funds of hedge funds	6,344	(56)	(370)	—	5,918	(23)
Global macro funds	4	—	—	—	4	—
Multi-strategy funds	3,546	(100)	(1,297)	(26)	2,123	63
Other investment funds	186	(19)	(24)	—	143	(19)
Private equity and debt investments	8,037	839	(432)	—	8,444	(12)
Real estate investments	5,508	799	(1,215)	—	5,092	382
Total assets	30,931	1,626	(5,171)	(124)	27,262	539
Liabilities						
Corporate debt securities	(2)	—	—	2	—	—
Total liabilities	(2)	—	—	2	—	—
Derivatives, net						
Interest rate contracts	(18)	25	—	—	7	25
Foreign currency exchange contracts	1	—	(1)	—	—	—
Equity contracts	(41)	50	(9)	—	—	(1)
Credit contracts	(1)	(4)	(1)	—	(6)	(7)
Total net assets	$30,870	$1,697	$(5,182)	$(122)	$27,263	$ 556

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets							
Government and agency debt securities	$ 1	$ —	$ (1)	$ —	$ —	$ —	$ —
Corporate debt securities	4	2	(4)	—	—	2	—
Non-agency mortgage and asset-backed securities	4	—	(4)	3	—	3	—
Investment funds							
Equity funds	146	(24)	(124)	—	2	—	—
Fixed income funds	20	—	(6)	—	—	14	—
Funds of hedge funds	585	25	—	—	17	627	26
Global macro funds	236	17	(258)	—	5	—	—
Other investment funds	11	—	(11)	—	—	—	—
Private equity and debt investments	298	46	29	—	8	381	24
Real estate investments	1,345	123	(82)	—	36	1,422	119
Other investments	428	16	203	—	18	665	10
Total assets	$3,078	$205	$(258)	$ 3	$ 86	$3,114	$179

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
Assets							
Government and agency debt securities	$ 4	$ —	$ —	$ (3)	$ —	$ 1	$ —
Corporate debt securities	41	—	(28)	(9)	—	4	—
Non-agency mortgage and asset-backed securities	—	—	(2)	6	—	4	—
Investment funds							
Equity funds	200	(32)	9	(29)	(2)	146	(33)
Fixed income funds	—	—	(5)	25	—	20	—
Funds of hedge funds	74	(4)	531	—	(16)	585	(4)
Global macro funds	255	(14)	—	—	(5)	236	(14)
Other investment funds	103	—	(94)	—	2	11	—
Private equity and debt investments	169	28	109	—	(8)	298	28
Real estate investments	1,263	203	(99)	—	(22)	1,345	203
Other investments	281	30	121	11	(15)	428	30
Total assets	$2,390	$211	$ 542	$ 1	$(66)	$3,078	$210

Transfers In and/or Out of Level 3

There were no significant transfers into and/or out of Level 3 within U.S. or non-U.S. plan assets during the years ended December 31, 2012 and 2011.

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds include funds that invest in a portfolio of hedge funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Global macro funds include funds that enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies and physical commodities markets while minimizing downside risk. Global macro managers may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category employ single strategies such as event-driven or relative value.

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments are made to gain exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The pension plans' assets include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts may be used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of derivatives held by the plans at December 31, 2012 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status. We have no funding requirements for our U.S. qualified plans in 2013.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	$ 6,052	$1,491	$ 421	$ 63
2014	$ 5,912	$1,507	$ 373	$ 65
2015	$ 5,861	$1,546	$ 366	$ 67
2016	$ 5,674	$1,575	$ 360	$ 70
2017	$ 5,558	$1,588	$ 356	$ 72
2018-2022	$25,259	$8,092	$1,713	$391

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Note 19. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

In accordance with our risk management policy, we enter into a variety of foreign currency exchange rate and commodity derivative contracts to manage our exposure to fluctuations in certain foreign currency exchange rates and commodity prices. At December 31, 2012 and 2011 our derivative instruments consisted primarily of forward contracts and options, none of which were designated in hedging relationships. We manage our counterparty credit risk by monitoring the credit ratings of our counterparties and by requiring them to post collateral in certain circumstances. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. Certain of our agreements with counterparties require that we provide cash collateral. At December 31, 2012 and 2011 no collateral was posted related to derivative instruments and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following tables summarize fair value measurements of our derivative instruments measured on a recurring basis (dollars in millions):

	December 31, 2012				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 7,652	$118	$—	$19	$—
Commodity	1,851	17	3	7	—
Embedded	1,248	9	19	—	1
Total	$10,751	$144	$22	$26	$ 1

	December 31, 2011				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 6,507	$ 64	$ —	$46	$—
Commodity	2,566	9	—	10	5
Embedded	1,461	28	124	1	5
Total	$10,534	$101	$124	$57	$10

(a) Recorded in Other current assets.

(b) Recorded in Other assets.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

	December 31, 2012				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Foreign currency	$—	$118	$—	$118	$—	$64	$ —	$ 64
Commodity	—	9	11	20	—	9	—	9
Embedded	—	2	26	28	—	4	148	152
Total	$—	$129	$37	$166	$—	$77	$148	$225
Liabilities								
Foreign currency	$—	$ 19	$—	$ 19	$—	$46	$ —	$ 46
Commodity	—	7	—	7	—	5	10	15
Embedded	—	1	—	1	—	6	—	6
Total	$—	$ 27	$—	$ 27	$—	$57	$ 10	$ 67

We measure the fair value of our portfolio of foreign currency, commodity and embedded derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of our derivatives include spot rates, forward rates, volatility and interest rates. These inputs are obtained from pricing services, broker quotes and other sources.

We entered into a power plant lease agreement which included the purchase of natural gas at a fixed price adjusted for movements in heavy fuel oil and coal indices as published by a German governmental agency. The natural gas agreement was determined to be a derivative for accounting purposes and is valued as a forward contract utilizing Level 3 inputs. The significant unobservable inputs used in the fair value measurement of our commodity derivative are coal and heavy fuel oil forward rates and supplier credit spreads. Significant increases (decreases) in the coal and heavy fuel oil index and supplier credit spread would result in significant decreases (increases) to the fair value measurement.

We are party to a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. This embedded derivative is valued using an industry accepted model which contains Level 3 inputs.

The significant unobservable inputs used in the fair value measurement of our embedded foreign currency derivative is the estimate of the Turkish central bank's Euro/Turkish Lira (TRY) forward exchange rate and monthly volume commitment and vehicle mix. Significant decreases (increases) to the Euro/TRY forward exchange rate and monthly volume commitment and vehicle mix would result in significant decreases (increases) to the fair value measurement.

The valuations are performed, reviewed and approved by personnel with appropriate expertise in valuation methodologies. For certain derivatives we compare our own valuations to valuations prepared by independent outside parties.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of the derivatives at December 31, 2012:

	Valuation Technique	Significant Unobservable Input	Metric
Commodity	Discounted cash flow	Coal forward price per ton in Euro (a)	€ 93.09
		Heavy fuel oil forward price per ton in Euro (a)	€ 562.51
		Supplier nonperformance risk (average)	2.44%
Embedded	Discounted cash flow	Average Euro/TRY forward exchange rate (b)	€ 2.72
		Volume commitment and vehicle mix in Euro (c)	€909 million

(a) Forward prices are estimated to be equivalents of the spot price as published by a governmental agency.

(b) Calculated by adjusting market forward rates for the spread between current market and Turkish central bank spot prices.

(c) Volume commitment is spread evenly on a monthly basis and vehicle mix is pursuant to management forecasts.

Fair Value Measurements on a Recurring Basis Using Level 3 Inputs

The following table summarizes the activity for our derivative investments measured using Level 3 inputs (dollars in millions):

	Level 3 Net Assets and (Liabilities)					
	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Embedded	Commodity	Total	Embedded	Commodity	Total
Balance at beginning of period	$ 148	$(10)	$ 138	$ —	$ —	$ —
Total realized/unrealized gains (losses) (a)						
Included in earnings	(104)	4	(100)	160	(10)	150
Included in OCI	(2)	(1)	(3)	(10)	—	(10)
Settlements	(16)	(6)	(22)	(2)	—	(2)
Issuances	—	24	24	—	—	—
Balance at end of period	$ 26	$ 11	$ 37	$148	$(10)	$138
Amount of total gains (losses) in the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$ (95)	$ 3	$ (92)	$157	$(10)	$147

(a) Realized and unrealized gains (losses) are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Foreign Currency	$ 70	$ (30)	$ 82
Commodity	(31)	(98)	(25)
Embedded	(102)	165	(8)
Warrants	—	4	19
Total gains (losses) recorded in earnings	$ (63)	$ 41	$ 68

Other Derivatives

In February 2011 we exercised warrants to purchase 4 million shares of a supplier's common stock at $2.76 per share and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we accounted for using the equity method, we recorded our share of New Delphi's other comprehensive income (loss) in Accumulated other comprehensive income. In the three months ended March 31, 2011 we recorded cash flow hedging gains of $13 million and in the year ended December 31, 2010 we recorded cash flow hedging losses of $22 million related to our share of New Delphi's hedging gains and losses. In March 2011 we sold our interests in New Delphi. As a result previously recorded cash flow hedging losses of $10 million in Accumulated other comprehensive loss were reclassified to earnings and recorded in the gain on sale of New Delphi. Refer to Note 10 for additional information on the sale of New Delphi.

Automotive Financing — GM Financial

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable and manages this exposure with interest rate swaps and caps. GM Financial had interest rate swaps and caps in asset positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. The fair value of these derivative financial instruments was insignificant.

Credit Risk Related Contingent Features

Under the terms of the derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. At December 31, 2012 and 2011 these restricted cash accounts totaled $4 million and $36 million and were recorded in Restricted cash and marketable securities.

Note 20. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	December 31, 2012		December 31, 2011	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating leases	$—	$ 9	$—	$ 26
Ally Financial commercial loans	$ 4	$ 6	$—	$ 24
Third-party commercial loans and other obligations	$70	$ 296	$ 7	$210
Other product-related claims	$51	$1,040	$53	$838

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

	December 31, 2012	December 31, 2011
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 209	$ 123
Deferred revenue (c)	$ 355	$ 345
Environmental liability (d)	$ 166	$ 169
Product liability	$ 601	$ 514
Other litigation-related liability and tax administrative matters (e)	$1,728	$1,196

(a) At December 31, 2012 and 2011 qualified cardholders had rebates available, net of deferred program revenue, of $1.8 billion and $2.3 billion.

(b) Recorded in Accrued liabilities.

(c) Recorded in Other liabilities and deferred income taxes.

(d) Includes $33 million and $34 million recorded in Accrued liabilities at December 31, 2012 and 2011, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Primarily indirect tax-related litigation as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2016 to 2035. Certain leases contain renewal options.

We provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third-parties, such as dealers or rental car companies. These guarantees either expire in 2018 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third-parties. Refer to Note 27 for additional information on guarantees that we provide to Ally Financial.

We have agreements with third-parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in 2013 through 2017 or are ongoing, or upon the occurrence of specific events.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. At December 31, 2012 any proceeds we would receive from collateral would be approximately $60 million.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions and other closure costs pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2026.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Recorded liabilities are not reduced for possible recoveries from insurance carriers or other parties. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2012 we estimate the remediation losses could range from $130 million to $250 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although punitive damages are claimed in some of these lawsuits and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and Other liabilities and deferred income taxes.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters 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; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as various non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from $400 million to $600 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2012. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed seven separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in the aggregate involve more than 10,000 employees, allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. On November 23, 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position in all of these cases. Although GM Korea believes the decision of the Seoul High Court is incorrect and intends to appeal to the Supreme Court of the Republic of Korea we have increased our accrual in the three months ended December 31, 2012 by 564 billion Korean Won (equivalent to $525 million) to 746 billion Korean Won (equivalent to $697 million) in connection with these cases. In the year ended December 31, 2012 we recorded 616 billion Korean Won (equivalent to $573 million) in Automotive cost of sales (77% of which is reflected in our Net income attributable to stockholders based on our ownership interest in GM Korea). We do not believe we have any reasonably possible exposure in excess of the amount of the accrual. Both the scope of claims asserted and GM Korea's assessment of any or all of individual claim elements may change if new information becomes available.

GMCL Dealers' Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" CAD $750 million without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On June 22, 2011 the court granted GMCL permission to appeal the class certification decision. On March 26, 2012 the Ontario Superior Court dismissed GMCL's appeal of the class certification order. Accordingly the case will proceed as a class action. Twenty-six dealers within the certified class definition have indicated that they will not participate. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

UAW Claim

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution. The reasonably possible loss as defined by ASC 450, "Contingencies" is $450 million, which is the amount claimed. We believe that the claim is without merit and we have no accrual relating to this litigation. We believe the UAW's claim is barred by the 2009 UAW Retiree Settlement Agreement approved by the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court). We also maintain that Delphi Corporation's bankruptcy plan of reorganization did not fulfill the applicable conditions of the relevant agreement and therefore payment would not be due even in the absence of the 2009 UAW Retiree Settlement Agreement.

Nova Scotia Claims Litigation

We are a participating party-in-interest in proceedings pending in the Bankruptcy Court to adjudicate claims in the Old GM bankruptcy arising from certain securities issued by General Motors Nova Scotia Finance Company (Nova Scotia Finance), an Old GM subsidiary which we did not acquire in 2009 (Nova Scotia Claims Litigation). Although the current proceedings involve no claims against us, they present issues which, depending upon their resolution, could result in future claims against GMCL.

In 2003 Nova Scotia Finance, a Nova Scotia unlimited liability company, issued notes of 600 million British Pounds which were guaranteed by Old GM (Guaranty) (collectively, the Nova Scotia Notes). The proceeds from the Nova Scotia Notes were converted to CAD and loaned by Nova Scotia Finance to GMCL by means of two intercompany loans totaling CAD $1.3 billion. As part of the bankruptcy proceeding these intercompany loans were compromised for CAD $399 million pursuant to a transaction defined by a Lock-Up Agreement between GMCL, Nova Scotia Finance, Old GM and certain holders of the Nova Scotia Notes (Noteholders). The Lock-Up Agreement defined a transaction by which the Noteholders consented to, among other things, the compromise of the intercompany loans in exchange for payment of CAD $399 million as a Consent Fee. The Consent Fee was originally financed by a

loan from Old GM to GMCL immediately prior to the Old GM bankruptcy filing. That loan was subsequently repaid. Pursuant to the terms of the Lock-Up Agreement, the Consent Fee did not reduce the principal amount outstanding under the Nova Scotia Notes or the Guaranty. We acquired Old GM's interest in the Lock-Up Agreement in 2009.

In the Nova Scotia Claims Litigation the Noteholders seek an allowed claim in the Old GM bankruptcy based on the Guaranty. The trustee of Nova Scotia Finance seeks an allowed claim in the amount of the deficiency between Nova Scotia Finance's assets and liabilities by reason of the fact that it is an unlimited liability company and Old GM was its sole shareholder. The claim asserted by the trustee includes sums allegedly owed by Nova Scotia Finance to us by reason of currency swaps entered into between Old GM and Nova Scotia Finance which we contend we acquired from Old GM in 2009. Allowance of the claims is opposed by the GUC Trust which asserts that the claims of the trustee and Noteholders are duplicative, that they should be reduced by the amount of the Consent Fee and/or that they should be equitably subordinated or equitably disallowed by reason of alleged inequitable conduct by the Noteholders. In support of this position the GUC Trust has asserted that the Lock-Up Agreement is void because it was not approved by the Bankruptcy Court and was funded by Old GM, that we did not acquire MLC's interest in the Lock-Up Agreements and currency swaps and that other aspects of the sale of assets to us on July 10, 2009 may be adjusted to permit disallowance or reduction of the claims of the Noteholders and the trustee. The trial has commenced but the timing of any decision is uncertain.

Although we believe the positions taken by the GUC Trust are without merit, it is reasonably possible that the Bankruptcy Court will issue rulings adverse to our interest in the Nova Scotia Claims Litigation. Such rulings could lead to subsequent claims which, although we believe would be without merit, could adversely impact GMCL's compromise of the intercompany loans. It is impossible to estimate the reasonably possible loss which would depend upon a variety of factors including the outcome of additional litigation. However the compromise of the intercompany loans for CAD $399 million resulted in a savings to GMCL of CAD $935 million (equivalent to $940 million) which we believe represents a reasonable estimate of the approximate amount of the maximum reasonably possible loss.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $186 million and $209 million at December 31, 2012 and 2011 was pledged as collateral under the agreement. Through December 31, 2012 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2012 and 2011 accruals for asset retirement obligations were $116 million and $99 million.

Contract Cancellations

The following table summarizes contract cancellation charges primarily related to the cancellation of product programs (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
GMNA (a)	$ 64	$38	$30
GME	38	8	3
GMIO	5	43	—
GMSA	30	4	—
Total contract cancellations	$137	$93	$33

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property (dollars in millions):

	2013	2014	2015	2016	2017	Thereafter
Minimum commitments (a)	$394	$312	$246	$192	$125	$ 595
Sublease income	(54)	(53)	(48)	(47)	(45)	(279)
Net minimum commitments	$340	$259	$198	$145	$ 80	$ 316

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

The following table summarizes our rental expense under operating leases (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Rental expense under operating leases	$474	$556	$604

Note 21. Income Taxes

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. income (loss)	$(19,063)	$2,883	$2,648
Non-U.S. income (loss)	(11,194)	3,102	3,089
Income (loss) before income taxes and equity income	$(30,257)	$5,985	$5,737

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Current income tax expense (benefit)			
U.S. federal	$ 6	$(134)	$ (10)
U.S. state and local	78	58	(1)
Non-U.S.	646	275	441
Total current income tax expense	730	199	430
Deferred income tax expense (benefit)			
U.S. federal	(28,965)	8	(25)
U.S. state and local	(3,415)	(28)	8
Non-U.S.	(3,181)	(289)	259
Total deferred income tax expense (benefit)	(35,561)	(309)	242
Total income tax expense (benefit)	$(34,831)	$(110)	$672

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $5.5 billion and $6.2 billion at December 31, 2012 and 2011. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Income tax expense (benefit) at U.S. federal statutory income tax rate	$(10,590)	$ 2,094	$ 2,008
State and local tax expense	254	215	334
Foreign income taxed at other than 35%	908	243	1,579
Foreign tax credit election change	(1,075)	—	—
Taxes on unremitted earnings of subsidiaries	100	(537)	(10)
Change in valuation allowance	(33,917)	(2,386)	(2,903)
Change in tax laws	67	(33)	—
Research incentives	(68)	(45)	(235)
Gain on sale of New Delphi equity interests	—	599	—
Goodwill impairment	8,705	377	—
Settlements of prior year tax matters	—	(56)	(170)
VEBA contribution	—	(476)	—
Foreign currency remeasurement	(36)	59	143
Pension contribution	—	(127)	—
U.S. salaried pension plan settlement	541	—	—
Other adjustments	280	(37)	(74)
Total income tax expense (benefit)	$(34,831)	$ (110)	$ 672

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2012 and 2011 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	December 31, 2012	December 31, 2011
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,494	$ 3,672
Pension and other employee benefit plans	8,536	8,357
Warranties, dealer and customer allowances, claims and discounts	4,277	4,015
Property, plants and equipment	2,225	1,547
Capitalized research expenditures	6,106	5,152
Operating loss and tax credit carryforwards	20,220	21,199
Miscellaneous U.S.	2,865	3,017
Miscellaneous non-U.S.	578	243
Total deferred tax assets before valuation allowances	48,301	47,202
Less: valuation allowances	(10,991)	(45,191)
Total deferred tax assets	37,310	2,011
Deferred tax liabilities		
Intangible assets	724	1,933
Total deferred tax liabilities	724	1,933
Net deferred tax assets	$ 36,586	$ 78

The following table summarizes the classification of deferred tax assets and liabilities (dollars in millions):

	December 31, 2012	December 31, 2011
Current deferred tax assets	$ 9,429	$ 527
Current deferred tax liabilities	(162)	(48)
Non-current deferred tax assets	27,922	512
Non-current deferred tax liabilities	(603)	(913)
Net deferred tax assets	$36,586	$ 78

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2012 (dollars in millions):

	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2013-2030	$ 6,642
Non-U.S. loss and tax credit carryforwards	Indefinite	1,472
Non-U.S. loss and tax credit carryforwards	2013-2031	4,961
U.S. alternative minimum tax credit	Indefinite	669
U.S. general business credits (a)	2017-2031	1,914
U.S. foreign tax credits	2013-2022	4,562
Total operating loss and tax credit carryforwards		$20,220

(a) The general business credits are principally composed of research credits.

Valuation Allowances

The following table summarizes the change in valuation allowances related to net deferred tax assets (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$ 45,191	$42,979	$45,281
Additions (Reversals)			
U.S.(a)	(34,263)	2,411	(2,196)
Canada	(3,049)	(158)	63
Germany	1,649	1	(139)
Spain	886	463	378
South Korea	138	27	(121)
Australia	—	(498)	(39)
U.K.	177	141	(121)
India	137	—	(123)
Other	125	(175)	(4)
Ending balance	$ 10,991	$45,191	$42,979

(a) In the year ended December 31, 2012 the difference between the change in the valuation allowance and the income tax benefit associated with the valuation allowance release is due primarily to the establishment of deferred tax liabilities related to state deferred tax assets. In the year ended December 31, 2011 we recorded an adjustment to the debt cancellation income that resulted from the 363 Sale. The adjustment resulted in a $2.1 billion increase in valuation allowances related to U.S. federal and state tax attributes.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion. We retained valuation allowances of $2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of $8.7 billion against non-U.S. deferred tax assets, primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $502 million.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	December 31, 2012	December 31, 2011
Gross unrecognized tax benefits before valuation allowances	$2,745	$2,370
Unrecognized tax benefit that would favorably affect effective tax rate in future	$1,210	$ 326
Liability for uncertain tax positions netted against deferred tax assets in the same jurisdiction (a)	$1,550	$1,285

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$2,370	$ 5,169	$5,410
Additions to current year tax positions	112	129	195
Additions to prior years' tax positions	512	562	803
Reductions to prior years' tax positions	(141)	(1,002)	(475)
Reductions in tax positions due to lapse of statutory limitations	(34)	(64)	(18)
Settlements	(112)	(2,399)	(761)
Other	38	(25)	15
Ending balance	$2,745	$ 2,370	$5,169

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Interest income	$12	$ 7	$13
Interest expense (benefit) (a)	$52	$(113)	$20
Penalties (a)	$ 4	$ (25)	$ 1

(a) The interest and penalty benefit in the year ended December 31, 2011 is due primarily to remeasurements, settlements and statute expirations.

	December 31, 2012	December 31, 2011
Accrued interest payable	$117	$103
Accrued penalties	$105	$ 89

Other Matters

The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382 of the Internal Revenue Code. On November 1, 2010 we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany. In Australia we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis.

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2002 to 2012 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations there is a risk that transfer pricing disputes may arise.

In the U.S. we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns through the date of the 363 Sale have been audited by the Internal Revenue Service. Audit closure in January 2013 of Old GM's 2007, 2008 and 2009 federal income tax returns will result in no change to the amount of unrecognized tax benefits. The audit of our 2009 federal income tax return was concluded in January 2013 and will result in no change to the amount of unrecognized tax benefits. In January 2013 the U.S. Congress enacted federal income tax legislation including an extension of the research credit for tax years 2012 and 2013. As a result, in the three months ending March 31, 2013, we will record an income tax benefit related to the 2012 research credit of approximately $160 million.

In May 2012 a Brazilian income tax assessment was issued related to the 2007 tax year totaling $181 million including tax, interest and penalties. We believe we have adequate reserves established. Proceedings may require that we deposit escrow funds in the future.

In March 2012 a Mexican income tax audit covering the 2004 tax year was concluded and an assessment, adjusted for inflation, of $136 million including tax, interest and penalties was issued. The total 2002, 2003 and 2004 assessments, adjusted for inflation, at December 31, 2012 including tax, interest and penalties is $309 million. We believe we have adequate reserves established. Payment of any assessment is suspended during the proceedings through U.S. and Mexican competent authorities.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which had full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010 this resolution resulted in a tax benefit of $140 million including interest.

At December 31, 2012 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 22. Restructuring and Other Initiatives

We have previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, no liabilities are generally recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2010	$2,088	$ 451	$ 3	$ 4	$ 2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	1,135	664	3	—	1,802
Additions	82	344	—	80	506
Interest accretion and other	22	105	—	1	128
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	884	687	1	12	1,584
Additions	129	188	84	92	493
Interest accretion and other	11	66	—	—	77
Payments	(304)	(344)	(46)	(55)	(749)
Revisions to estimates	(78)	(17)	(1)	(11)	(107)
Effect of foreign currency	11	10	1	—	22
Balance at December 31, 2012 (a)	$ 653	$ 590	$ 39	$ 38	$ 1,320

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of $356 million, $376 million and $363 million at December 31, 2012, 2011 and 2010 for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2012

GMNA recorded charges, interest accretion and other and revisions to estimates that increased the reserves by $62 million. The $62 million includes charges for cash severance incentive programs for skilled trade U.S. hourly employees, partially offset by increased production capacity utilization in Canada.

GMNA recorded charges of $90 million in connection with our 2011 UAW labor agreement that included cash severance incentive programs which were completed at March 31, 2012 for skilled trade U.S. hourly employees. A total of 1,400 skilled trade U.S. hourly employees participated in these programs at a total cost of $99 million and was recorded upon irrevocable acceptances by both parties.

Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a

car voucher. This may range up to $70 million and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.

GME recorded charges, interest accretion and other of $254 million for previously announced separation and early retirement programs. Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of $400 million and had affected a total of 2,550 employees, of which $310 million related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional $200 million, which will affect an additional 700 employees.

GMIO recorded charges, interest accretion and other related to voluntary separation programs primarily in Korea and Australia. Through December 31, 2012 these programs had a total cost of $69 million which affected 650 employees. We expect to complete the programs in GMIO in 2013 and incur up to an additional $40 million, which will affect up to an additional 200 employees.

GMSA recorded charges of $87 million for employee separation costs related to a separation program in Brazil.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million.

Year Ended December 31, 2010

GMNA recorded charges, interest accretion and other, and revisions to estimates primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affected 2,600 employees.
- Separation charges of $63 million related to separation/layoff plans and an early retirement plan in Spain which ultimately affected 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program in Germany.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. We determined that a reduction in the number of GMNA dealerships was necessary.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$25	$ 144	$ 501
Additions and revisions to estimates	(5)	(8)	7
Payments	(7)	(111)	(366)
Effect of foreign currency	—	—	2
Balance at end of period	$13	$ 25	$ 144

Note 23. Interest Income and Other Non-Operating Income, net

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Interest income	$343	$455	$ 465
Net gains (losses) on derivatives	(63)	41	68
Rental income	158	149	164
Dividends and royalties	98	153	213
Other (a)	309	53	621
Total interest income and other non-operating income, net	$845	$851	$1,531

(a) Amounts in the year ended December 31, 2012 include impairment charges related to the investment in PSA of $220 million, income related to various insurance recoveries of $168 million, a charge of $119 million in connection with the entry into an agreement to sell the GMS business, resulting in a reduction in the carrying value to estimated fair value, and recognition of deferred income from technology agreements with SGMW of $114 million. Amounts in the year ended December 31, 2011 include impairment charges related to the investment in Ally Financial of $555 million, a gain on the sale of Ally Financial preferred shares of $339 million, and recognition of deferred income from technology agreements with SGMW of $113 million. Amounts in the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million.

Note 24. Stockholders' Equity and Noncontrolling Interests

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

	Liquidation Preference Per Share	Dividend Rate Per Annum	Dividends Paid Years Ended December 31,		
			2012	2011	2010
Series A Preferred Stock	$25.00	9.00%	$621	$621	$810
Series B Preferred Stock	$50.00	4.75%	$238	$243	$ —

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A Preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $677 million recorded in Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock.

Series B Preferred Stock

The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 into shares of our common stock. The number of shares of our common stock issuable upon mandatory conversion of each share of Series B Preferred Stock is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a range of $33.00-$39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the liquidation preference plus accumulated dividends. If the applicable market value is not within this range, there is a fixed conversion ratio equaling 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60, and 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stockholder's interest.

In the three months ended December 31, 2012, holders of our Series B Preferred Stock converted 11,204 shares into 14,145 shares of common stock.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

In the year ended December 31, 2011 we issued 61 million shares of common stock to the U.S. hourly and salaried pension plans, 3,500,000 shares for exercised warrants and 500,000 shares for the settlement of salary and other restricted stock awards.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day's closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder's equity of $5.1 billion and a charge to earnings of $402 million representing the premium. This premium was recorded in Other automotive expenses, net. These shares were retired by the Board and returned to authorized but unissued status. In the year ended December 31, 2012 we issued 1,300,000 shares of common stock for the settlement of restricted stock and salary stock awards and 400,000 shares for exercised warrants.

The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of this agreement. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment, which contained certain manufacturing volume requirements.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have all been distributed to creditors of Old GM and to the GUC Trust by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrants are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants at December 31, 2012 and 2011 was 313 million.

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Foreign Currency Translation Adjustments	Cash Flow Hedging Gains (Losses), Net	Unrealized Gains (Losses) on Securities, Net	Defined Benefit Plans, Net	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2009	$ 157	$ (1)	$ 2	$ 1,430	$ 1,588
Other comprehensive income (loss)	210	(22)	(7)	(545)	(364)
Sale of businesses	14	—	—	—	14
Other comprehensive loss attributable to noncontrolling interests	13	—	—	—	13
Balance December 31, 2010	394	(23)	(5)	885	1,251
Other comprehensive income (loss)	(183)	25	1	(6,958)	(7,115)
Purchase of noncontrolling interest shares	(6)	—	—	(1)	(7)
Other comprehensive loss attributable to noncontrolling interests	10	—	—	—	10
Balance December 31, 2011	215	2	(4)	(6,074)	(5,861)
Other comprehensive loss before reclassification adjustment	(103)	—	(162)	(2,212)	(2,477)
Reclassification adjustment (a)	—	(2)	207	92	297
Other comprehensive income (loss)	(103)	(2)	45	(2,120)	(2,180)
Other comprehensive income attributable to noncontrolling interests	(11)	—	—	—	(11)
Balance December 31, 2012	$ 101	$ —	$ 41	$(8,194)	$(8,052)

(a) Primarily an impairment charge related to our investment in PSA.

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Years Ended December 31,								
	2012			2011			2010		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	$ (103)	$ —	$ (103)	$ (183)	$ —	$ (183)	$ 210	$—	$ 210
Cash flow hedging gain (loss), net	(2)	—	(2)	25	—	25	(22)	—	(22)
Unrealized gain (loss) on securities, net									
Unrealized gain (loss) on securities	(140)	22	(162)	1	—	1	(7)	—	(7)
Reclassification adjustments	202	(5)	207	—	—	—	—	—	—
Unrealized gain (loss) on securities, net	62	17	45	1	—	1	(7)	—	(7)
Defined benefit plans, net									
Prior service benefit (cost) from plan amendments	(53)	(95)	42	302	1	301	7	1	6
Less: amortization of prior service cost included in net periodic benefit cost	(125)	(5)	(120)	(52)	—	(52)	(12)	—	(12)
Net prior service benefit (cost)	(178)	(100)	(78)	250	1	249	(5)	1	(6)
Actuarial gain (loss) from plan measurements	(3,180)	(926)	(2,254)	(7,578)	(10)	(7,568)	(530)	34	(564)
Less: amortization of actuarial loss included in net periodic benefit cost (a)	229	17	212	366	5	361	25	—	25
Net actuarial amounts	(2,951)	(909)	(2,042)	(7,212)	(5)	(7,207)	(505)	34	(539)
Defined benefit plans, net	(3,129)	(1,009)	(2,120)	(6,962)	(4)	(6,958)	(510)	35	(545)
Other comprehensive income (loss)	(3,172)	(992)	(2,180)	(7,119)	(4)	(7,115)	(329)	35	(364)
Less: other comprehensive income (loss) attributable to noncontrolling interests	11	—	11	(10)	—	(10)	(13)	—	(13)
Other comprehensive income (loss) attributable to common stockholders	$(3,183)	$ (992)	$(2,191)	$(7,109)	$ (4)	$(7,105)	$(316)	$35	$(351)

(a) Includes the HCT settlement. Refer to Note 18.

Note 25. Earnings Per Share

In the years ended December 31, 2012 and 2011 we were required to use the two-class method for calculating earnings per share, as further discussed below, as the applicable market value of our common stock was below $33.00 per common share in the periods ended December 31, 2012 and 2011.

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):

	Years Ended December 31,		
	2012	2011	2010
Basic earnings per share			
Net income attributable to stockholders	$6,188	$9,190	$6,172
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (a) (b)	1,329	1,605	1,504
Net income attributable to common stockholders	$4,859	$7,585	$4,668
Weighted-average common shares outstanding — basic	1,566	1,536	1,500
Basic earnings per share	$ 3.10	$ 4.94	$ 3.11
Diluted earnings per share			
Net income attributable to stockholders	$6,188	$9,190	$6,172
Add: preferred dividends to holders of Series B Preferred Stock	—	—	25
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (a) (c)	1,301	1,552	1,504
Net income attributable to common stockholders	$4,887	$7,638	$4,693
Weighted-average common shares outstanding — diluted			
Weighted-average common shares outstanding — basic	1,566	1,536	1,500
Dilutive effect of warrants	104	130	106
Dilutive effect of conversion of Series B Preferred Stock	—	—	17
Dilutive effect of RSUs	5	2	1
Weighted-average common shares outstanding — diluted	1,675	1,668	1,624
Diluted earnings per share	$ 2.92	$ 4.58	$ 2.89

(a) Includes earned but undeclared dividends of $26 million, $26 million and $26 million on our Series A Preferred Stock and $20 million, $20 million and $25 million on our Series B Preferred Stock in the years ended December 31, 2012, 2011 and 2010.

(b) Includes cumulative dividends on preferred stock of $859 million and earnings of $470 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of $859 million and earnings of $746 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(c) Includes cumulative dividends on preferred stock of $859 million and earnings of $442 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of $859 million and earnings of $693 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Years Ended December 31, 2012 and 2011

Holders of the Series B Preferred Stock have a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios through various anti-dilution provisions. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required when the applicable market value of our common stock is below $33.00 or above $39.60 per share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our

financial statements. The calculation of the applicable market value at the date of our financial statements will apply to the full year, irrespective of the applicable market value computed during the prior quarters of the current year.

We applied the two-class method to calculate basic earnings per share and the more dilutive of the two-class or the if-converted method to calculate diluted earnings per share in the years ended December 31, 2012 and 2011. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. Variability may result in our calculation of earnings per share from period to period depending on whether the application of the two-class method is required.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share in the years December 31, 2012 and 2011.

MLC distributed all of its 272 million warrants for our common stock to its unsecured creditors and the GUC Trust. The warrant holders may exercise the warrants at any time prior to their respective expiration dates. Upon exercise of the warrants the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share.

Warrants to purchase 313 million shares of our common stock were outstanding at December 31, 2012 and 2011, of which 46 million shares were not included in each year's computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining warrants resulted in 104 million and 130 million dilutive shares in the years ended December 31, 2012 and 2011.

Diluted earnings per share included the effect of 15 million and 13 million unvested RSUs granted to certain global executives in the years ended December 31, 2012 and 2011.

In July 2011 the 61 million shares of common stock contributed to our pension plans in January 2011 met the criteria to qualify as plan assets for accounting purposes. These shares were considered outstanding for earnings per share purposes beginning in July 2011.

Year Ended December 31, 2010

Warrants to purchase 318 million shares of our common stock were outstanding, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of our common stock. Under the treasury stock method, the assumed exercise of warrants to purchase the remaining warrants resulted in 106 million dilutive shares.

Diluted earnings per share included the effect of 11 million unvested RSUs granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date.

Note 26. Stock Incentive Plans

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan and the Salary Stock Plan. Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 7 million, 5 million and 15 million RSUs in the years ended December 31, 2012, 2011 and 2010. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Our policy is to issue new shares upon settlement of RSUs.

The 2012 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-Top 25 highest compensated employees will vest and settle on the second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2010 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-top 25 highest compensated employees will settle after three years.

Retirement eligible participants that are non-Top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the settlement date.

Salary Stock Plan

In the years ended December 31, 2012, 2011 and 2010 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In March 2012 we amended the plan to provide for cash settlement of awards instead of issuing new shares. As a result we will now settle these awards in cash and we reclassified $97 million from Capital surplus to Accrued liabilities and Other liabilities and deferred income taxes.

RSUs

The following table summarizes information about the RSUs under our stock incentive plans (RSUs in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at December 31, 2011	22.5	$23.01	1.1
Granted	9.1	$25.10	
Settled	(3.2)	$27.71	
Forfeited or expired	(1.5)	$24.42	
RSUs outstanding at December 31, 2012	26.9	$23.06	0.7
RSUs unvested and expected to vest at December 31, 2012	16.2	$23.49	1.0
RSUs vested and payable at December 31, 2012	10.3	$22.27	—
RSUs granted in the year ended December 31, 2011		$31.18	
RSUs granted in the year ended December 31, 2010		$19.17	

The following table summarizes compensation expense recorded for our stock incentive plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Compensation expense	$302	$233	$235
Income tax benefit	$100	$ —	$ —

At December 31, 2012 the total unrecognized compensation expense for nonvested equity awards granted was $185 million. This expense is expected to be recorded over a weighted-average period of one year.

The total fair value of RSUs vested in the years ended December 31, 2012, 2011 and 2010 was $141 million, $105 million and $78 million.

In the years ended December 31, 2012, 2011 and 2010 total payments for 1.6 million, 456,000 and 292,000 RSUs settled under stock incentive plans were $36 million, $14 million and $5 million.

Note 27. Ally Financial

Automotive

The following tables summarize the financial statement effects of and maximum obligations under agreements with Ally Financial (dollars in millions):

	December 31, 2012	December 31, 2011
Vehicle repurchase obligations		
Maximum obligations (a)	$22,112	$18,972
Fair value of guarantee	$ 15	$ 17

(a) We corrected the amount originally reported as $19.8 billion in our Annual Report on Form 10-K as of December 31, 2011.

	Years Ended December 31,		
	2012	2011	2010
U.S. marketing incentives and operating lease residual payments	$1,732	$1,428	$1,111
Exclusivity fee income	$ 63	$ 76	$ 99

Marketing Incentives and Operating Lease Residuals

Under an interest rate support program, we pay an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. The amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. We reimburse Ally Financial to the extent sales proceeds are less than the customer's contract residual value, limited to Ally Financial's standard residual value. The residual support amount owed is calculated at contract termination and, in cases where the amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent remarketing proceeds are below Ally Financial's standard residual value (limited to a floor).

Under a capitalized cost reduction program, we pay an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. Ally Financial waives the customer's remaining payment obligation under their current lease and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit.

Exclusivity Arrangements

We have entered into exclusivity agreements with Ally Financial whereby: (1) for a two-year period, retail financing incentive programs can be offered through a third-party financing source under certain specified circumstances, and after such two-year period beginning in January 2011 through December 2013 any such incentive programs can be offered on a graduated basis through third-parties on a non-exclusive basis, or if Ally Financial matches the rates offered by such third-party on a side-by-side basis with Ally Financial; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 31, 2013 we will no longer have any restrictions or limitations on our ability to offer retail financing incentive programs through any third-party financing source as a result of agreements with Ally Financial.

Contractual Exposure Limit

We have an agreement with Ally Financial that limits certain unsecured obligations arising from service agreements to Ally Financial to $1.5 billion and limits the sum of maximum unsecured exposure and maximum secured exposure to the greater of $3.0 billion or 15% of Ally Financial's capital from and after December 30, 2010.

Vehicle Repurchase Obligations

Our agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	December 31, 2012	December 31, 2011
Assets		
Accounts and notes receivable, net (a)	$222	$ 243
Liabilities		
Accounts payable (b)	$ 47	$ 59
Short-term debt and current portion of long-term debt (c)	$863	$1,068
Accrued liabilities and other liabilities (d)	$878	$ 650
Long-term debt (e)	$ 6	$ 8
Other non-current liabilities (f)	$ 19	$ 35

(a) Represents wholesale settlements due from Ally Financial and receivables for exclusivity fees and royalties.

(b) Represents amounts billed to us and payable related to incentive programs.

(c) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest.

(d) Includes accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and amounts owed under lease pull-ahead programs.

(e) Represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(f) Represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total net sales and revenue (decrease) (a)	$(2,368)	$(1,468)	$(1,383)
Interest income and other non-operating income, net (b)	$ 87	$ 126	$ 228
Automotive interest expense (c)	$ 38	$ 63	$ 243

(a) Represents marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and costs under risk sharing and lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third-party resale purposes.

(b) Represents income on investments in Ally Financial preferred stock (through March 31, 2011), exclusivity and royalty fee income. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(c) Represents interest incurred on notes payable and wholesale settlements.

Ally Financial Common and Preferred Stock

In December 2010 the UST agreed to convert 110 million shares of preferred securities into 532,000 shares of common stock. This resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% was held directly and 5.9% was held indirectly through an independent trust. In May 2011 we transferred the 4.0% of shares we owned directly to the independent trust. In December 2011 in response to a letter from the trustee requesting that the life of the trust be extended, the Federal Reserve agreed to extend the trust from December 2011 to December 2013. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2013. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10.0%. At December 31, 2012 and 2011 our equity ownership in Ally Financial was 9.9%.

Fair Value of Ally Financial Common Stock

We estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's December 31, 2012 and 2011 financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry, and the effects of certain Ally Financial shareholder rights. The measurement of Ally Financial common stock is a Level 3 fair value measurement.

At December 31, 2011 we determined the carrying amount of our investment in Ally Financial common stock exceeded our estimate of its fair value. Our estimate of fair value resulted from broader macroeconomic uncertainties and volatility in the financial markets including the Eurozone debt crisis, continued heightened risk of recession and concerns about Ally Financial's mortgage related operations. Our estimate considered the potential effect of contractual provisions held by the UST who may receive incremental ownership interest in Ally Financial depending upon Ally Financial's equity value at the time of a successful public offering or private sale. These contractual provisions could result in significant dilution of our ownership interest. Based on an evaluation of the duration and severity of this decline in fair value, we concluded the impairment was other-than-temporary. As a result we recorded an impairment charge of $555 million in Interest income and other non-operating income, net to reduce our investment to its estimated fair value of $403 million.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common stock (dollars in millions):

	December 31, 2012	December 31, 2011
Common stock		
Carrying amount	$ 399	$403
Fair value	$1,268	$403

Ally Financial Preferred Stock

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $339 million related to the sale was recorded in Interest income and other non-operating income, net.

Note 28. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2012				
Total net sales and revenue	$37,759	$37,614	$37,576	$39,307
Automotive gross margin	$ 4,418	$ 4,449	$ 4,327	$ (3,135)
Net income	$ 1,350	$ 1,901	$ 1,854	$ 1,031
Net income attributable to stockholders	$ 1,315	$ 1,846	$ 1,833	$ 1,194
Earnings per share, basic	$ 0.64	$ 0.95	$ 0.94	$ 0.58
Earnings per share, diluted	$ 0.60	$ 0.90	$ 0.89	$ 0.54

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011				
Total net sales and revenue	$36,194	$39,373	$36,719	$37,990
Automotive gross margin	$ 4,214	$ 5,250	$ 4,594	$ 4,422
Net income	$ 3,411	$ 3,037	$ 2,092	$ 747
Net income attributable to stockholders	$ 3,366	$ 2,992	$ 2,107	$ 725
Earnings per share, basic	$ 2.09	$ 1.68	$ 1.10	$ 0.30
Earnings per share, diluted	$ 1.77	$ 1.54	$ 1.03	$ 0.28

Starting in the three months ended June 30, 2011 we used the two-class method for calculating earnings per share because Series B Preferred Stock was a participating security.

Net income for the three months ended December 31, 2012 included:

- Deferred tax asset valuation allowance release of $36.3 billion in the U.S. and Canada.
- Goodwill impairment charges of $26.5 billion in GMNA and GMIO.
- Property, plant and equipment impairment charges of $3.7 billion in GME.
- Pension settlement charge of $2.6 billion in GMNA.
- Intangible asset impairment charges of $1.8 billion in GME.
- Charge of $525 million for GM Korea hourly wage litigation.
- Charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

Net income for the three months ended September 30, 2012 included:

- Goodwill impairment charges of $78 million in GMIO.

Net income for the three months ended March 31, 2012 included:

- Goodwill impairment charges of $617 million in GMIO and GME.

Net income the three months ended December 31, 2011 included:

- Goodwill impairment charge of $891 million in GMIO and GME.

- Settlement gain of $749 million related to termination of CAW hourly retiree healthcare benefits in GMNA.
- Impairment charge of $555 million related to Ally Financial common stock in Corporate.
- Reversal of deferred income tax valuation allowances of $502 million in Australia.

Net income for the three months ended March 31, 2011 included:

- Gain of $1.6 billion related to the sale of our Class A membership Interests in New Delphi in GMNA.
- Goodwill impairment charge of $395 million in GME.
- Gain of $339 million related to the sale of 100% of our investment in the Ally Financial preferred stock in Corporate.

Note 29. Segment Reporting

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, which are presented net of noncontrolling interests, and evaluates GM Financial through income before income taxes.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- GMC
- Holden
- Opel
- Vauxhall

At December 31, 2012 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea, SGM, SGMS, SGMW, FAW-GM and HKJV. These companies design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes an investment in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

	At and For the Year Ended December 31, 2012									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 89,912	$20,689	$22,954	$16,700	$ 40	$ —	$150,295	$ —	$ —	$150,295
GM Financial revenue	—	—	—	—	—	—	—	1,961	—	1,961
Intersegment	4,683	1,361	4,736	250	—	(11,032)	(2)	—	2	—
Total net sales and revenue	$ 94,595	$22,050	$27,690	$16,950	$ 40	$(11,032)	$150,293	$ 1,961	$ 2	$152,256
Income (loss) before automotive interest and income taxes-adjusted	$ 6,953	$ (1,797)	$ 2,191	$ 271	$ (395)	$ (107)	$ 7,116	$ 744	$ (1)	$ 7,859
Adjustments (a)	$(29,052)	$ (6,391)	$ (288)	$ 27	(402)	$ —	$ (36,106)	—	$ —	(36,106)
Corporate interest income					343					343
Automotive interest expense					489					489
Loss on extinguishment of debt					250			—		250
Income (loss) before income taxes					(1,193)			744		(28,643)
Income tax expense (benefit)					(35,007)			177	$ (1)	(34,831)
Net income attributable to stockholders					$ 33,814			$ 567		$ 6,188
Equity in net assets of nonconsolidated affiliates	$ 65	$ 51	$ 6,764	$ 3	$ —	$ —	$ 6,883	$ —	$ —	$ 6,883
Total assets	$ 87,181	$ 9,781	$25,092	$12,070	$ 16,991	$(17,371)	$133,744	$16,368	$(690)	$149,422
Expenditures for property	$ 4,766	$ 1,035	$ 1,225	$ 956	$ 77	$ (4)	$ 8,055	$ 13	$ —	$ 8,068
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,663	$ 6,570	$ 638	$ 483	$ 49	$ (1)	$ 11,402	$ 225	$ (10)	$ 11,617
Equity income, net of tax and gain on investments	$ 9	$ —	$ 1,552	$ 1	$ —	$ —	$ 1,562	$ —	$ —	$ 1,562
Significant non-cash charges (benefits) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 50	$ —	$ 28	$ 2	$ —	$ —	$ 80	$ —	$ —	$ 80
Impairment charges related to equipment on operating leases	40	141	—	—	—	—	181	—	—	181
Valuation allowances against deferred tax assets(b)	—	—	—	—	(36,261)	—	(36,261)	(103)	—	(36,364)
Total significant non-cash charges (benefits)	$ 90	$ 141	$ 28	$ 2	$(36,261)	$ —	$ (36,000)	$ (103)	$ —	$ (36,103)

(a) Consists of Goodwill impairment charges of $26.4 billion, pension settlement charges of $2.7 billion and income related to various insurance recoveries of $9 million in GMNA; property impairment charges of $3.7 billion, intangible assets impairment charges of $1.8 billion, goodwill impairment charges of $590 million, impairment charges related to investment in PSA of $220 million, a charge of $119 million to record GMS assets and liabilities to estimated fair value and income related to various insurance recoveries of $7 million in GME; GM Korea hourly wage litigation charge of $336 million, goodwill impairment charges of $132 million, which are presented net of noncontrolling interests, income related to various insurance recoveries of $112 million and income related to redemption of the GM Korea mandatorily redeemable preferred shares of $68 million in GMIO; income related to various insurance recoveries of $27 million in GMSA; and a charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

(b) Includes valuation allowance releases of $36.5 billion net of the establishment of new valuation allowances of $0.1 billion. Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	At and For the Year Ended December 31, 2011									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$85,988	$25,154	$21,031	$16,632	$ 61	$ —	$148,866	$ —	$ —	$148,866
GM Financial revenue	—	—	—	—	—	—	—	1,410	—	1,410
Intersegment	4,245	1,603	3,730	245	—	(9,820)	3	—	(3)	—
Total net sales and revenue	$90,233	$26,757	$24,761	$16,877	$ 61	$ (9,820)	$148,869	$ 1,410	$ (3)	$150,276
Income (loss) before automotive interest and income taxes-adjusted	$ 7,194	$ (747)	$ 1,897	$ (122)	$ (447)	$ (93)	$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)	$ 2,394	$ (1,016)	$ (364)	$ 63	(216)	$ —	$ 861	—	$ —	861
Corporate interest income					455					455
Automotive interest expense					540					540
Income (loss) before income taxes					(748)			622		9,080
Income tax expense (benefit)					(295)			185		(110)
Net income (loss) attributable to stockholders					$ (453)			$ 437		$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$83,595	$15,799	$22,181	$11,631	$30,244	$(31,590)	$131,860	$13,112	$(369)	$144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income, net of tax and gain on investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Significant noncash charges (gains) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 74	$ —	$ 4	$ 3	$ —	$ —	$ 81	$ —	$ —	$ 81
Impairment charges related to equipment on operating leases	75	76	—	—	—	—	151	—	—	151
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(488)	—	(488)	—	—	(488)
Total significant noncash charges (gains)	$ 149	$ 76	$ 4	$ 3	$ (488)	$ —	$ (256)	$ —	$ —	$ (256)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA; Goodwill impairment charges of $1.0 billion in GME; Goodwill impairment charges of $258 million and charges related to HKJV of $106 million in GMIO; a gain on extinguishment of debt of $63 million in GMSA; and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 10 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	For the Year Ended December 31, 2010									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$79,514	$22,868	$17,730	$15,065	$ 134	$ —	$135,311	$ —	$—	$135,311
GM Financial revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	2,831	314	—	(7,874)	—	—	—	—
Total net sales and revenue	$83,035	$24,076	$20,561	$15,379	$ 134	$(7,874)	$135,311	$281	$—	$135,592
Income (loss) before automotive interest and income taxes-adjusted	$ 5,688	$ (1,953)	$ 2,262	$ 818	$ 191	$ (105)	$ 6,901	$129	$—	$ 7,030
Adjustments (a)	$ 60	$ 189	$ —	$ —	198	$ —	$ 447	—	$—	447
Corporate interest income					465					465
Automotive interest expense					1,098					1,098
Income (loss) before income taxes					(244)			129		6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$—	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$—	$ 6,930
Equity income, net of tax and gain on investments	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$—	$ 1,438
Significant noncash charges (gains) not classified as adjustments in (a)										
Net contingent Adjustment Shares (b)	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$—	$ (162)
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(63)	—	(63)	—	—	$ (63)
Impairment charges related to long-lived assets	234	—	6	—	—	—	240	—	—	$ 240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	$ 49
Total significant noncash charges (gains)	$ 234	$ 49	$ 6	$ —	$ (225)	$ —	$ 64	$ —	$—	$ 64

(a) Consists of a gain on the sale of Nexteer of $60 million in GMNA, a gain on the sale of Saab of $123 million, a gain on acquisition of GMS of $66 million in GME and a gain on the extinguishment of the VEBA Notes of $198 million in Corporate.

(b) Gain on the reversal of an accrual for Adjustment Shares due to the conclusion that it was no longer probable that unsecured claims of MLC would reach the levels as defined by the Amended and Restated Master Sale and Purchase Agreement.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures and non-wholly owned consolidated subsidiaries. In such case, the revenue is attributed based on the geographic location of the joint venture or non-wholly owned consolidated subsidiary. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
North America						
U.S.	$ 85,105	$13,520	$ 79,868	$11,736	$ 72,736	$10,351
Canada and Mexico	9,558	3,861	10,153	3,227	10,195	2,773
GM Financial						
U.S.	1,832	1,112	1,363	532	279	46
Canada	129	590	47	300	2	1
Europe						
France	1,551	30	2,343	73	1,820	63
Germany	4,610	308	5,975	2,348	5,004	1,852
Italy	1,412	24	2,429	55	2,509	176
Russia	1,990	165	1,668	124	964	132
Spain	962	84	1,263	464	1,398	665
United Kingdom	4,875	518	4,899	815	5,253	761
Other European countries	5,311	327	6,616	851	5,941	632
Asia						
Korea	8,907	2,280	9,087	1,874	7,301	1,519
Thailand	2,157	680	911	582	561	341
Other Asian countries	816	670	496	147	482	74
South America						
Argentina	1,741	146	1,723	164	1,215	183
Brazil	9,407	2,229	9,635	2,077	9,513	1,425
Colombia	1,527	190	1,799	117	1,438	104
Venezuela	1,846	56	1,472	48	1,130	47
Other South American countries	2,179	99	2,002	79	1,782	62
Other Geographic Locations						
Australia	3,554	607	3,887	516	3,623	492
South Africa	1,294	110	1,398	109	1,104	99
All other geographic locations	1,493	41	1,242	39	1,342	52
Total consolidated	$152,256	$27,647	$150,276	$26,277	$135,592	$21,850

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
U.S.	$ 86,937	$14,632	$ 81,231	$12,268	$ 73,015	$10,397
Non-U.S.	65,319	13,015	69,045	14,009	62,577	11,453
Total U.S. and non-U.S.	$152,256	$27,647	$150,276	$26,277	$135,592	$21,850

Note 30. Supplemental Information for the Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Change in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Accounts receivable	$ (460)	$(1,572)	$ (641)
Prepaid expenses and other deferred charges	(255)	(165)	304
Inventories	(326)	(2,760)	(2,229)
Accounts payable	162	2,139	2,257
Income taxes payable	155	(360)	54
Accrued liabilities and other liabilities	1,041	(727)	(83)
Automotive equipment on operating leases	370	(522)	(628)
Total	$ 687	$(3,967)	$ (966)
Cash paid for income taxes and interest			
Cash paid for income taxes	$ 575	$ 569	$ 357
Cash paid for interest — Automotive	$ 452	$ 317	$ 1,001
Cash paid for interest — GM Financial	298	284	66
Total cash paid for interest	$ 750	$ 601	$ 1,067

Significant Non-Cash Activity

Investing Cash Flows

The following table summarizes the amounts of non-cash property additions that were excluded from Expenditures for property within the investing activities section of the consolidated statement of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Non-cash property additions	$3,879	$3,689	$2,290

Financing Cash Flows

The following table summarizes the amounts relating to non-cash financing activities that were excluded from the financing activities section of the consolidated statements of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Contribution of common stock to U.S. hourly and salaried pension plans	$—	$1,864	$—
Notes issued to settle CAW hourly retiree healthcare plan	$—	$1,122	$—

Refer to Note 18 for additional information on the common stock contributed to our pension plans.

* * * * * * *

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and Senior Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2012. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2012.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2012, utilizing the criteria discussed in the "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2012. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2012.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON	/s/ DANIEL AMMANN
Daniel F. Akerson Chairman and Chief Executive Officer	Daniel Ammann Senior Vice President and Chief Financial Officer
February 15, 2013	February 15, 2013

* * * * * * *

GENERAL INFORMATION

COMMON STOCK
GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

PREFERRED STOCK
4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol: GM PR B - New York Stock Exchange

ANNUAL MEETING
The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Thursday, June 6, 2013, in Detroit, Michigan.

STOCKHOLDER ASSISTANCE
Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334
(from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service and the Computershare website at www.computershare.com/gm are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

ELECTRONIC DELIVERY OF ANNUAL MEETING MATERIALS
Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at www.computershare.com/gm. If your GM stock is held through a broker, bank or other nominee, contact it directly.

SECURITIES AND INSTITUTIONAL ANALYST QUERIES
GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

AVAILABLE PUBLICATIONS
GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and Winning With Integrity (code of conduct) are available online at www.gm.com/investor.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

VISIT GM ON THE INTERNET
Learn more about General Motors vehicles and services on our website at www.gm.com.

GM CUSTOMER ASSISTANCE CENTERS
Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300
or @BuickCustCare

Cadillac: 800-458-8006
or @CadillacCustSvc

Chevrolet: 800-222-1020
or @ChevyCustCare

GMC: 800-462-8782
or @GMCCustCare

HUMMER: 800-732-5493
or @GMCustomerSvc

Oldsmobile: 800-442-6537
or @GMCustomerSvc

Pontiac: 800-762-2737
or @GMCustomerSvc

Saab: 800-955-9007
or @GMCustomerSvc

Saturn: 800-553-6000
or @GMCustomerSvc

GM of Canada: 800-263-3777

GM Mobility: 800-323-9935

OTHER PRODUCTS AND SERVICES
GM Card: 800-846-2273
OnStar: 888-667-8277

PRINCIPAL OFFICE
General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000

Please go to www.gmannualreport.com to view our new online annual report – a view of our year, our strategy, our vehicles and more.

GENERAL MOTORS COMPANY
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
www.gm.com

Printed on paper that consists of at least 10% post-consumer fiber

Exhibit 16

GENERAL MOTORS COMPANY

2013 ANNUAL REPORT

2014 CADILLAC CTS Motor Trend Car of the Year

Relentless forward motion.

Today's GM is born of the passion of our people to bring our customers the finest cars and trucks we've ever built … and to reward our stockholders for their confidence in us.

We're doing all that and more. GM is moving forward. And the very best is yet to come.

FINANCIAL CONTENTS

12 Vehicle Sales and Net Revenue
13 Reconciliation of Non-GAAP Measures
14 Board and Management Team
15 Market for Registrant's Common Equity and Related Stockholder Matters
16 Selected Financial Data
17 Management's Discussion and Analysis of Financial Condition and Results of Operations
48 Quantitative and Qualitative Disclosures About Market Risk
54 Financial Statements and Supplementary Data
54 Consolidated Income Statements
55 Consolidated Statements of Comprehensive Income
56 Consolidated Balance Sheets
57 Consolidated Statements of Cash Flows
58 Consolidated Statements of Equity
59 Notes to Consolidated Financial Statements
126 Controls and Procedures

To Our Stockholders:

2013 was an historic year for General Motors – a year in which we advanced every part of our long-term strategy for profitable growth.

We strengthened GM's fortress balance sheet. We delivered solid earnings and made a number of strategic investments around the world. We also built on our reputation for product excellence and world-class quality, thanks to our revitalized portfolio of highly regarded new and refreshed vehicles.

In June, Standard & Poor's restored GM to the S&P 500, which opened the door to new investors, including index mutual fund holders and other investment institutions. Then in September, Moody's Investors Service responded to our progress by elevating GM to investment grade. Finally, the U.S. Treasury sold its remaining stake in the company toward the end of the year, and we will be forever grateful for the extraordinary assistance we received.

These were all important milestones. But just as important, our culture is changing and the entire company is now squarely focused on the customer: what they want, what they need and what they deserve when they buy a new GM car, truck or crossover.

This discipline is transforming our product design, quality and customer care at a remarkable pace. It is also guiding our response to the large safety recalls announced in early 2014 that involve the ignition switches in certain GM vehicles no longer in production.

Rest assured that we are completely focused on this issue at the highest levels of the company and we are working to exceed everyone's expectations for customer care, responsiveness and transparency.

MARY T. BARRA

Chief Executive Officer

Our culture is changing and the entire company is now squarely focused on the customer: what they want, what they need and what they deserve when they buy a new GM car, truck or crossover.

RECORD SALES

9,700,000
VEHICLES

delivered around the world

Nothing is more important than the safety of our customers, so we are also making changes to ensure that something like this does not happen again. One of our first actions was to name a vice president of Global Vehicle Safety to oversee the safety development of GM vehicle systems on a global basis, the confirmation and validation of safety performance, and post-sale safety activities such as recalls. There will be more changes because we are determined to emerge from this crisis stronger and wiser so we can accelerate the momentum we generated throughout 2013.

During the year, we delivered a record 9.7 million vehicles around the world and more than $155 billion in revenue. We saw record sales in China, the world's largest market; higher retail share in the United States; and Opel/Vauxhall's first market share increase in Europe in 14 years.

Net income to common stockholders was $3.8 billion, which is down from 2012 largely because of incremental tax expense and the actions we took to make the business stronger for the long term.

By contrast, our EBIT-adjusted – a figure that tracks how the underlying business is performing before interest, taxes and special items – was a robust $8.6 billion. That is up $700 million from 2012.

The largest contributors were our operations in North America, where we had record earnings, our China joint ventures and GM Financial, which also posted record results. South America was profitable and Europe, which significantly reduced its losses, remains on track to achieve its mid-decade break-even target.

All of this translates into 16 consecutive profitable quarters and almost $32 billion of cumulative EBIT-adjusted since the beginning of 2010. These results also paved the way, in early 2014, for our Board of Directors to declare a 30-cent per share quarterly dividend on our common stock – a first for today's GM.

2015 CADILLAC
ATS COUPE

GM's IPO: An Expression of What Could Be

Returning capital to common stockholders through a dividend was meaningful because it helps deliver on the promise of GM's historic 2010 initial public offering.

We went public as a smaller company with far less debt and some very good vehicles. However, a wide range of issues had to be addressed so that the company could better adapt to aggressive global competition, rapid-fire advances in technology and increasingly stringent government regulations.

Working together, our team set out to rebuild the company's organizational capability in corporate and consumer finance, accounting, information technology, risk management, research and development, and more.

Every year since the IPO, we have made significant progress, and 2013 was no exception. For example, we acquired Ally Financial's International Operations in Europe and Latin America, and we expect to acquire Ally Financial's China joint venture in 2014.

The year also saw the opening of a new state-of-the-art information technology data center and the start of construction on a second mirrored and fully redundant facility, as well as the retirement of several billion dollars of high-cost preferred stock. However, no amount of restructuring, reorganization and investment would matter much if we had not made the customer our compass.

Our products best tell this story. Today, GM products are taking on the best vehicles in the world and winning – with customers and critics alike. For example, the new Cadillac ATS sedan, which was named the 2013 North American Car of the Year by a panel of distinguished journalists, helped Cadillac become the fastest-growing full-line luxury brand in 2013. Just 12 months later, Chevrolet

EBIT-ADJUSTED

$8.6B
2013

$7.9B
2012

2014 SILVERADO: North American Truck of the Year; **2014 CORVETTE STINGRAY:** North American Car of the Year

swept the group's 2014 car and truck awards with the Corvette Stingray and the Silverado. About the same time, the new Cadillac CTS was named the *Motor Trend* Car of the Year.

The same story is playing out all over the world. The revitalization of Opel/Vauxhall is just one example. Opel won more than three dozen awards for design, performance, innovation and value in 2013, thanks in large measure to the new ADAM and Mokka.

QUALITY

J.D. Power Initial Quality Awards in 2013

Compelling design played a part in these success stories. So did value, and advanced technology in areas like safety, connectivity and fuel economy. However, there is one attribute that can make or break a brand, and that is quality.

Quality: Good Enough Just Isn't

For years, GM's quality was competitive. Today "good enough" just isn't, and we have made major strides because the entire organization is now on the same page. For example, back in 2011 we aligned the compensation of salaried and hourly employees in the United States around profits and quality.

This provides a greater opportunity for employees to share in the success of the business. And getting our workforce fully engaged was instrumental in helping us earn eight Initial Quality Awards in the J.D. Power 2013 Initial Quality Study*, which was more than any other automaker.

We are proud of our progress, but it is critical that we improve on these results and then replicate them all over the world. That is why we created the Global Quality & Customer Experience team in 2013.

This group is helping us develop even more robust product quality and durability testing standards, and revamp how we handle customer concerns to move faster and get our designers and engineers fully engaged.

* The GM vehicles ranked highest in their segments in the J.D. Power 2013 Initial Quality Study were: Chevrolet Camaro (Midsize Sporty Car); Chevrolet Impala (Large Car); Chevrolet Tahoe (Large CUV); Chevrolet Silverado HD (Large Heavy-Duty Pickup); Chevrolet Avalanche and GMC Sierra (Tie - Large Light-Duty Pickup); Cadillac Escalade (Large Premium CUV); Buick Encore (Tie – Sub-Compact CUV).

Playing Offense

Everyone at GM knows that to get ahead and stay ahead, we have to do more than just get the fundamentals like quality right. We have to play offense with great products and exceptional value.

For example, in 2013 and early 2014, we announced that GMC and Chevrolet will reenter the mid-size pickup segment in the United States by leveraging one of our global truck architectures. This is a segment that our domestic competitors abandoned. But we think there are plenty of customers ready for great-looking, very capable and fuel-efficient designs. The vehicles – the Chevrolet Colorado and GMC Canyon – launch this fall.

Transforming Cadillac into a global luxury brand is another priority. That's why we are simultaneously expanding our product portfolio and building a dedicated plant in Shanghai to serve the Chinese market, which we believe will be the largest luxury market in the world by the end of the decade. We broke ground on this facility in 2013, and it is one of several investments that we expect will increase our capacity in China to about 5 million units within a few years.

Driving Innovation

Another thing all great companies do is innovate, and GM is now doing a much better job of stretching for breakthroughs and creating significant positive change for customers.

Our global connected car strategy is a case in point. Our OnStar business was a pioneer of the connected car, and it turned three simple buttons – one for calls, one for directions and one for emergencies – into a very successful business with close to 7 million subscribers in the United States, Canada, China and Mexico.

BUICK ENCORE

62,000
UNITS

global sales of 100,000 units – including 62,000 in China

2014 BUICK ENCORE

2015 GMC CANYON

2015 CHEVROLET COLORADO

Now Opel is planning to introduce OnStar across its passenger car range in selected European markets beginning in 2015. In addition, we are preparing to take OnStar beyond safety and security to an entirely new level of performance and redefine what it means to be connected.

BROADBAND

4G LTE

rolls out this year in U.S. and Canada

In early 2013, we announced the automotive industry's largest global deployment of 4G LTE high-speed mobile broadband. Our strategy will give consumers around the world superior smartphone integration, a built-in Wi-Fi hotspot and a growing portfolio of apps that can handle everything from scheduling vehicle service appointments to booking a hotel room.

The plan is for the OnStar 4G LTE rollout to start this summer in the United States and Canada on most 2015 models, and we plan to expand availability to more brands, vehicles and markets in coming years.

Every initiative I have shared so far has one goal: to help GM grow profitably around the world. The same holds true for the difficult decisions we made in 2013, which include actions that will end the sale of mainstream Chevrolet products in Europe after 2015, and stop the production of vehicles at our Australian operations by the end of 2017. These business units have been generating losses for years because of issues that include high production costs, lack of scale and adverse currency shifts.

Going forward, we will continue to market Holden-brand vehicles in Australia, and we will focus on Opel and Vauxhall in Europe. As hard as it is to pull back, acting now will free up resources that we can invest in other parts of the business where the risk-reward equation is better.

Opel won more than three dozen awards for design, performance, innovation and value in 2013.

Our ultimate goal is to see GM ranked among the very best companies in the world.

Leading GM into the Future

One of the principal architects of GM's success is Dan Akerson, who stepped down as chairman and CEO in January 2014 due to family reasons. Dan's GM career began on the eve of our historic IPO, and it spanned some of the most critical – and successful – years in the company's history.

I remember the day early in his tenure when Dan said emphatically, "I am not a car guy." Many people didn't know what to make of his remark because they were used to auto executives with gasoline in their veins and nicknames like "Engine Charlie."

However, history will show that Dan was the quintessential car guy because he drove us to refocus our entire organization around the customer, saying that is what the world's most successful companies do. At the same time, he changed how we operate by challenging the status quo in every area and promoting or recruiting change agents who helped us learn that past practice isn't always best practice.

Under Dan's leadership, the GM Board of Directors has become one of the strongest boards in corporate America. We've added a number of respected directors, including Tim Solso, the retired chairman and CEO of Cummins Inc., who is now GM's non-executive chairman. Tim is widely considered to be one of the world's best corporate leaders.

At Cummins, he preached profitable growth, he championed innovation and the company delivered exceptional returns to stockholders in the process. His counsel is going to be invaluable.

To be sure, we still have our share of internal and external challenges. But we know what they are and we are facing them down one after another. That's why there will be no right or left turns by today's leadership team.

In the years ahead, you can expect continued investment by GM in compelling design, innovation and an exceptional ownership experience. Simultaneously, we will continue our work to reduce internal complexity, especially in product development, drive down material and logistics costs, and fix or exit businesses that are not profitable.

We know that winning in each of these areas – not just making progress – is the best path to leadership and reaching our ultimate goal, which is to see GM ranked among the very best companies in the world.

Respectfully,

MARY T. BARRA
Chief Executive Officer
April 25, 2014

2014
CHEVROLET
MALIBU

HIGHLIGHTS

WORLDWIDE NET SALES & REVENUE

$155B

NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS

$3.8B

DILUTED EARNINGS PER SHARE

$2.38

COMPARISON OF CUMULATIVE TOTAL RETURN

Cumulative Value of $100 Investment Through December 31,

	11/18/2010	2010	2011	2012	2013
General Motors Company	$100	$111.70	$ 61.42	$ 87.36	$123.85
S&P 500 Stock Index	$100	$106.94	$109.20	$126.68	$167.71
Dow Jones Automobiles & Parts Titans 30™ Index	$100	$104.10	$ 87.40	$108.68	$144.26

Source: Bloomberg

VEHICLE SALES AND NET REVENUE

(in millions, except per share & units)	2012	2013
VEHICLE SALES, INCLUDING JOINT VENTURES - (000'S UNITS)		
GMNA	3,019	3,234
GME	1,611	1,557
GMIO	3,616	3,886
GMSA	1,051	1,037
Worldwide Vehicle Sales	**9,297**	**9,715**
FINANCIAL RESULTS		
Worldwide Net Sales & Revenue	$152,256	$155,427
Earnings Before Interest and Income Taxes - Adjusted*	$ 7,859	$ 8,578
Net Income Attributable to Common Stockholders	$ 4,859	$ 3,770
Diluted Earnings Per Share	$ 2.92	$ 2.38
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Available Automotive Liquidity		
Cash and Marketable Securities	$ 26,121	$ 27,919
Credit Facilities	11,119	10,404
Total Available Automotive Liquidity	**$ 37,240**	**$ 38,323**
Key Automotive Obligations		
Debt	$ 5,172	$ 7,137
Underfunded U.S. Pension	14,025	7,314
Total Automotive Obligations	**$ 19,197**	**$ 14,451**
ADJUSTED AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 9,631	$ 11,021
Less: Capital Expenditures	(8,055)	(7,549)
Automotive Free Cash Flow	**1,576**	**3,472**
Adjustments	2,712	225
Adjusted Automotive Free Cash Flow	**$ 4,288**	**$ 3,697**
EMPLOYMENT - YEAR END (000'S)		
GMNA	101	109
GME	37	35
GMIO	39	38
GMSA	32	31
GM Financial	4	6
Worldwide Employment	**213**	**219**

*Includes GM Financial on an Earnings Before Tax (EBT) basis

GENERAL MOTORS COMPANY AND SUBSIDIARIES RECONCILIATION OF NON-GAAP MEASURES

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Adjusted automotive free cash flow which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Adjusted automotive free cash flow are considered non-GAAP measures.

Management believes these non-GAAP measures provide meaningful supplemental information regarding GM's operating results and liquidity because they exclude amounts that management does not consider when assessing and measuring operational and financial performance. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. GM believes these non-GAAP measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (dollars in millions):

	2012	2013
OPERATING SEGMENTS		
GMNA[(a)]	$6,470	$7,461
GME[(a)]	(1,939)	(844)
GMIO[(a)]	2,528	1,230
GMSA[(a)]	457	327
GM Financial[(b)]	744	898
Total operating segments[(b)]	8,260	9,072
Corporate and eliminations	(401)	(494)
EBIT-ADJUSTED[(b)]	**7,859**	**8,578**
Special items	(36,106)	(805)
Corporate interest income	343	246
Automotive interest expense	489	334
Loss on extiguishment of debt	250	212
Income tax expense (benefit)	(34,831)	2,127
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS	**$6,188**	**$5,346**

(a)Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.
(b)GM Financial amounts represent income before income taxes.

In the year ended December 31, 2012, adjustments to automotive free cash flow included the following:
- Voluntary contributions to a pension plan of $2.3 billion; and
- The premium paid to purchase our common stock from the United States Treasury of $0.4 billion.

In the year ended December 31, 2013, adjustments to automotive free cash flow included the following:
- Accrued interest on the prepayment of the HCT notes of $0.2 billion
- Pension contributions of $0.1 billion related to the previously announced annuitization of the U.S. salaried pension plan

In the year ended December 31, 2012, special items for EBIT-adjusted included the following:
- Goodwill impairment charges of $26.4 billion in GMNA, $590 million in GME and $132 million in GMIO;
- Pension settlement charges of $2.7 billion in GMNA;
- Income related to various insurance recoveries of $155 million in GMNA, GME, GMIO and GMSA;
- Property impairment charges of $3.7 billion in GME;
- Intangible assets impairment charges of $1.8 billion in GME;
- Impairment charges related to the investment in PSA of $220 million in GME;
- A charge of $119 million in GME to record GM Strasbourg assets and liabilities to estimated fair value;
- GM Korea hourly wage litigation charge of $336 million in GMIO;
- Noncontrolling interests of $68 million in GMIO related to redemption of the GM Korea mandatorily redeemable preferred shares; and
- A charge of $402 million in Corporate which represents the premium paid to purchase our common stock from the UST.

In the year ended December 31, 2013, special items for EBIT-adjusted included the following:
- Impairment charges of property and intangible assets of $774 million in GMIO;
- Costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of $621 million in GMIO;
- Gain related to reversal of GM Korea wage litigation accrual of $577 million in GMIO;
- Gain on sale of equity investment in Ally Financial of $483 million in Corporate;
- Goodwill impairment charges of $442 million in GMIO;
- Venezuela currency devaluation loss of $162 million in GMSA;
- Gain on sale of equity investment in PSA of $152 million in GME;
- Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares of $67 million in GMIO;
- Pension settlement charges of $56 million in GMNA;
- Charges related to PSA product development agreement of $49 million in GMNA; and
- Income related to various insurance recoveries of $35 million.

BOARD OF DIRECTORS (AS OF APRIL 1, 2014)

BEGINNING ON LEFT:

STEPHEN J. GIRSKY
Senior Advisor, General Motors Company, *Joined Board 07/10/09*

PATRICIA F. RUSSO
Retired Chief Executive Officer, Alcatel-Lucent, *Joined Board 07/24/09*

ROBERT D. KREBS
Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation, *Joined Board 07/24/09*

DAVID BONDERMAN
Co-Founding Partner and Managing General Partner, TPG, *Joined Board 07/24/09*

E. NEVILLE ISDELL
Retired Chairman and Chief Executive Officer, The Coca-Cola Company, *Joined Board 07/10/09*

MARY T. BARRA
Chief Executive Officer, General Motors Company, *Joined Board 01/15/14*

THEODORE M. SOLSO
Retired Chairman and Chief Executive Officer, Cummins Inc., and Chairman of the Board, General Motors Company, *Joined Board 06/12/12*

CAROL M. STEPHENSON
Retired Dean, Ivey Business School, The University of Western Ontario, *Joined Board 07/24/09*

JAMES J. MULVA
Retired Chairman and Chief Executive Officer, ConocoPhillips, *Joined Board 06/12/12*

DR. CYNTHIA A. TELLES
Director, UCLA Neuropsychiatric Institute Spanish-Speaking Psychosocial Clinic, *Joined Board 04/13/10*

THOMAS M. SCHOEWE
Retired Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc., *Joined Board 11/14/11*

KATHRYN V. MARINELLO
Senior Advisor, Ares Management LLC, *Joined Board 07/10/09*

NOT PICTURED:

ERROLL B. DAVIS, JR.
Superintendent, Atlanta Public Schools, *Joined Board 07/10/09*

ADMIRAL MICHAEL G. MULLEN, USN (RET.)
Retired Chairman, Joint Chiefs of Staff, *Joined Board 02/01/13*

MANAGEMENT TEAM (AS OF APRIL 1, 2014)

MARY T. BARRA
Chief Executive Officer

DANIEL AMMANN
President

JAIME ARDILA
Executive Vice President & President, South America

ALAN S. BATEY
Executive Vice President & President, North America

SELIM BINGOL
Senior Vice President, Global Communications & Public Policy

ALICIA BOLER-DAVIS
Senior Vice President, Global Quality & Customer Experience

JAMES B. DELUCA
Executive Vice President, Global Manufacturing

ROBERT E. FERGUSON
Senior Vice President, Global Cadillac

MELISSA HOWELL
Senior Vice President, Global Human Resources

STEFAN JACOBY
Executive Vice President & President, Consolidated International Operations

ANNE T. LARIN
Secretary

GRACE LIEBLEIN
Vice President, Global Purchasing & Supply Chain

VICTORIA MCINNIS
Chief Tax Officer

MICHAEL P. MILLIKIN
Executive Vice President & General Counsel

RANDALL D. MOTT
Senior Vice President, Global Information Technology & Chief Information Officer

DR. KARL-THOMAS NEUMANN
Executive Vice President & President, Europe

MARK L. REUSS
Executive Vice President, Global Product Development, Purchasing and Supply Chain

CHARLES K. STEVENS, III
Executive Vice President & Chief Financial Officer

NIHARIKA TASKAR RAMDEV
Vice President, Finance and Treasurer

BRIAN D. THELEN
General Auditor

THOMAS S. TIMKO
Vice President, Controller & Chief Accounting Officer

MATTHEW TSIEN
Executive Vice President & President, GM China

EDWARD T. WELBURN, JR.
Vice President, Global Design

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. The following table summarizes the quarterly price ranges of our common stock based on high and low prices from intraday trades on the New York Stock Exchange, the principal market in which the stock is traded:

	Years Ended December 31,			
	2013		2012	
	High	Low	High	Low
Quarter				
First	$ 30.68	$ 26.19	$ 27.68	$ 20.75
Second	$ 35.49	$ 27.11	$ 27.03	$ 19.24
Third	$ 37.97	$ 33.41	$ 25.15	$ 18.72
Fourth	$ 41.85	$ 33.92	$ 28.90	$ 22.67

Holders

At January 30, 2014 we had a total of 1.6 billion issued and outstanding shares of common stock held by 403 holders of record.

Dividends

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. At December 31, 2013 there were no dividends in arrears on our Series A Preferred Stock.

Since our formation, we had not paid any dividends on our common stock through the year ended December 31, 2013. In January 2014 our Board of Directors declared a dividend on common stock in the amount of $0.30 per share payable in March 2014. It is anticipated that dividends on our common stock will be declared and paid quarterly subsequent to the initial dividend declaration. However our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

* * * * * * *

Selected Financial Data

Pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements, the selected financial data below includes the selected financial data of Old GM as it is the Predecessor entity solely for accounting and financial reporting purposes. At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, “Reorganizations”. The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM’s financial information. Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	Successor					Predecessor
	Years Ended December 31,				July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
	2013	2012	2011	2010		
Income Statement Data:						
Total net sales and revenue (a)	$ 155,427	$ 152,256	$ 150,276	$ 135,592	$ 57,474	$ 47,115
Reorganization gains, net (b)	$ —	$ —	$ —	$ —	$ —	$ 128,155
Income (loss) from continuing operations	$ 5,331	$ 6,136	$ 9,287	$ 6,503	$ (3,786)	$ 109,003
Net (income) loss attributable to noncontrolling interests	15	52	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders (c)	$ 5,346	$ 6,188	$ 9,190	$ 6,172	$ (4,297)	$ 109,118
Net income (loss) attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585	$ 4,668	$ (4,428)	$ 109,118
Basic earnings (loss) per common share (d)	$ 2.71	$ 3.10	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Diluted earnings (loss) per common share (d)	$ 2.38	$ 2.92	$ 4.58	$ 2.89	$ (3.58)	$ 178.55
Balance Sheet Data (as of period end):						
Total assets (a)	$ 166,344	$ 149,422	$ 144,603	$ 138,898	$ 136,295	
Automotive notes and loans payable (e)	$ 7,137	$ 5,172	$ 5,295	$ 4,630	$ 15,783	
GM Financial notes and loans payable (a)	$ 29,046	$ 10,878	$ 8,538	$ 7,032		
Series A Preferred Stock (f)	$ 3,109	$ 5,536	$ 5,536	$ 5,536	$ 6,998	
Series B Preferred Stock (g)	$ —	$ 4,855	$ 4,855	$ 4,855		
Equity (h)	$ 43,174	$ 37,000	$ 38,991	$ 37,159	$ 21,957	

(a) General Motors Financial Company, Inc (GM Financial) was consolidated effective October 1, 2010. GM Financial acquired Ally Financial, Inc’s (Ally Financial) international operations in Europe and Latin America in the year ended December 31, 2013.

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

(c) In the year ended December 31, 2012 we recorded Goodwill impairment charges of $27.1 billion, the reversal of deferred tax valuation allowances of $36.3 billion in the U.S. and Canada, pension settlement charges of $2.7 billion and GM Europe (GME) long-lived asset impairment charges of $5.5 billion.

(d) In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock was a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 22 to our consolidated financial statements for additional detail.

(e) In December 2010 GM Korea Company (GM Korea) terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(f) In September 2013 we purchased 120 million shares of our Series A Preferred Stock held by the UAW Retiree Medical Benefits Trust (New VEBA) for $3.2 billion. In December 2010 we purchased 84 million shares from the UST for $2.1 billion.

(g) In December 2013 all of our Series B Preferred Stock automatically converted into 137 million shares of our common stock. Our Series B Preferred Stock was issued in a public offering in November and December 2010.

(h) In December 2012 we purchased 200 million shares of our common stock for a total of $5.5 billion, which directly reduced shareholder's equity by $5.1 billion and we recorded a charge to earnings of $0.4 billion. Our Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

General Motors Company (sometimes referred to as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM") was incorporated as a Delaware corporation in 2009 and on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through the 363 Sale. General Motors Corporation is sometimes referred to in this Annual Report on Form 10-K (2013 Form 10-K), for the periods on or before July 9, 2009, as "Old GM," as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2013 Form 10-K for the periods after July 10, 2009 as "MLC." On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements. We analyze the results of our business through our five segments: GM North America (GMNA), GME, GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

In the three months ended March 31, 2013 we changed our managerial and financial reporting structure to measure our reportable segments revenue and profitability based on the geographic area in which we sell vehicles to third party customers. We have retrospectively revised the segment presentation for all periods presented. Refer to Note 25 to our consolidated financial statements for additional information on this change.

Overview

Automotive

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles that includes cars, crossovers and trucks, allowing us to maximize sales under any market condition;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and
- Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers.

GMNA

GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 51.1% of our wholesale vehicle sales volume in 2013 and we had the largest market share, based upon retail vehicle sales, in North America at 16.9%. We grew our retail market share in all four brands as compared to 2012. Our market share growth was driven in part by the success of several product launches during the year, most notably the Corvette Stingray, Chevrolet Impala, Cadillac CTS and the all-new Chevrolet Silverado and GMC Sierra full-size trucks. Our products in the region continued to receive recognitions of excellence including the most initial quality awards as determined by JD Power and Associates as compared to any other automotive manufacturer in 2013.

GME

GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's wholesale vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 16.3% of our wholesale vehicle sales volume in 2013. In 2013 we estimate we had the number four market share, based upon retail vehicle sales, in Europe at 8.3%. GMIO distributed Chevrolet brand vehicles in Europe. These vehicles are reported within market share for Europe, but wholesale vehicle sales volume is recorded by GMIO. Our European operations continue to show signs of improvement underscored by our first Opel and Vauxhall market share increase in 14 years. This market share increase was partially driven by the successful launches of the Opel Mokka, ADAM and Cascada during 2013. Our focus on successfully executing product launches and containing costs has in part contributed to significant year-over-year reduction in EBIT (loss)-adjusted.

In an effort to rationalize our manufacturing footprint in GME, we reached agreement with the labor union in Germany to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014. Affected employees will be eligible for a voluntary restructuring separation program. Restructuring charges will be recorded primarily through 2014. Refer to Note 19 to our consolidated financial statements for additional information.

GMIO

GMIO has sales, manufacturing and distribution operations in Asia/Pacific, the Middle East, Africa and Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others). GMIO represented 16.2% of our wholesale vehicle sales volume in 2013. The Asia/Pacific, Middle East and Africa region is our largest region by retail vehicle sales volume and represented 40.0% of our global retail vehicle sales volume in 2013. In 2013 we estimate we had the number two market share, based upon retail vehicle sales, in Asia/Pacific, Middle East and Africa at 9.5%. In 2013 we had market share of 14.3% in China. GMIO records the wholesale unit volume and financial results of Chevrolet brand vehicles that it distributes and sells in Europe. Our international operations' results were highlighted by our continued strength in China where we sold over 3 million vehicles. Our strength in the market was in part driven by the successful launches of the new Cadillac XTS, the refreshed Buick LaCrosse and Regal and certain Wuling branded vehicles, as well as continued strong sales of the Buick Encore and Buick Excelle. Our Buick brand continues to be our strongest brand in China with 810,000 vehicles sold in 2013 an increase of 16% from the prior year. In addition we have been making investments in our Cadillac brand in China which included a new assembly plant in Shanghai.

We are addressing many of the challenges in our GMIO operations and have performed strategic assessments on the performance and the manner in which we operate in certain countries. While we are continuing our strategic assessments we announced plans to discontinue offering mainstream Chevrolet vehicles in Europe in 2015 and recorded asset impairment and restructuring charges; announced plans to cease manufacturing at GM Holden Ltd., our subsidiary in Australia (Holden), and recorded asset impairment and

restructuring charges; recorded asset impairment charges at General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively GM India) and impaired our remaining goodwill in GMIO. Refer to the “GM International Operations” section of MD&A and Notes 9, 10 and 19 to our consolidated financial statements for additional information.

Our GM Korea subsidiary has continuing litigation with more than 10,000 current and former employees over the definition of ordinary wages. As a result of the recent Supreme Court of the Republic of Korea’s favorable decision on a very similar wage litigation case involving another company we now believe an unfavorable outcome on our case given the new precedent is no longer probable and we reversed certain accruals for our cases. Refer to Note 17 to our consolidated financial statements for additional information.

GMSA

GMSA has sales, manufacturing, distribution and/or financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 16.4% of our wholesale vehicle sales volume in 2013. In 2013 GMSA derived 63.5% of its wholesale vehicle sales volume from Brazil. In 2013 we estimate we had the number one market share, based upon retail vehicle sales, in South America at 17.5% and the number three market share, based upon retail vehicle sales, in Brazil at 17.3%. Despite foreign currency pressures and challenging political environments across the region, our South American operations experienced continued profitability in 2013 that was driven in part by successful product launches including the Chevrolet Onix, Prisma and Tracker. We have further addressed our cost structure through restructuring efforts and multi-year labor agreements in Brazil.

Our Venezuelan operations highlight some of the foreign currency and political pressures. In 2013 the Venezuelan government announced a change in the official fixed exchange rate which resulted in devaluation charges during the year. In addition to currency controls already in place, the Venezuelan government announced pricing controls that, taken with other initiatives, require us to closely monitor and consider our ability to manage and control our Venezuelan subsidiaries. Refer to the “GM South America” section of MD&A for additional information.

Corporate

We continue to focus on strengthening our balance sheet. Initiatives during 2013 included lowering our cost of capital and increased financial flexibility by issuing $4.5 billion in aggregate principal amount of senior unsecured notes. We used proceeds from the issuance to prepay notes issued to the Canadian Health Care Trust (HCT) and to purchase 120 million shares of our Series A Preferred Stock from the New VEBA. Refer to Notes 14 and 21 to our consolidated financial statements for additional information.

As part of an effort to release capital from non-core assets and further enhance our financial flexibility we sold our common equity ownership in Ally Financial and our seven percent equity interest in Peugeot S.A. (PSA) held by GME. Refer to Notes 5 and 12 to our consolidated financial statements for additional information.

The United States Treasury divested its remaining ownership stake in our common stock. Also, all of our shares of Series B Preferred Stock mandatorily converted into 137 million shares of our common stock and will result in future annual cash preferred stock dividend savings. Refer to Note 21 to our consolidated financial statements for additional information.

Through ongoing discussions with taxing authorities we remeasured an uncertain tax position resulting in a tax benefit that will reduce future cash taxes.

Our collective actions during 2013 have helped us achieve investment grade status with a rating agency and we were added to the Standard & Poor’s (S&P) 500.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Outlook

We anticipate the 2014 global automotive industry to be up approximately 2% over 2013 or about 85 million vehicles. For 2014 we expect our biggest challenges will be associated with unfavorable foreign currency pressures and planned global restructuring charges of up to $1.1 billion. However we expect to substantially offset these challenges with favorable pricing and by leveraging our continued strength in North America and China. We continue to progress toward our target of mid- to high-single digit margins for mid-decade and expect our 2014 EBIT-adjusted margins to be comparable to 2013. We are also committed to returning capital to our common stockholders and in January 2014 our Board of Directors declared a dividend on common stock in the amount of $0.30 per share payable in March 2014.

Automotive Financing — GM Financial

GM Financial purchases automobile finance contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers a lease financing product for new GM vehicles and a commercial lending program for GM-franchised dealerships. GM Financial's lending products in North America are primarily offered to consumers who typically are unable to obtain financing from traditional sources such as banks and credit unions. GM Financial utilizes a proprietary credit scoring system to differentiate credit applications and to statistically rank-order credit risk in terms of expected default rates, which enables it to evaluate credit applications for approval and tailor loan and lease pricing and structure. GM Financial services its loan and lease portfolios at regional centers using automated servicing and collection systems. Funding for our auto finance activities is primarily obtained through the utilization of our credit facilities and through securitization transactions.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China. The acquisitions will allow GM Financial to support our dealers in markets comprising approximately 80% of our global sales. In the year ended December 31, 2013 GM Financial completed the acquisitions of the operations in Europe and Latin America for $3.3 billion. GM Financial's acquisition of Ally Financial's equity interest in GMAC-SAIC is subject to certain regulatory and other approvals and is expected to close in 2014 for approximately $0.9 billion. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

Consolidated Results

Total Net Sales and Revenue
(Dollars in Millions)

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Automotive	$ 152,092	$ 150,295	$ 1,797	1.2%	$ (0.2)	$ 1.7	$ 2.2	$ (1.9)	$ 1.8
GM Financial	3,335	1,961	1,374	70.1%	—	—	—	1.4	1.4
Total net sales and revenue	$ 155,427	$ 152,256	$ 3,171	2.1%	$ (0.2)	$ 1.7	$ 2.2	$ (0.5)	$ 3.2

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Automotive	$ 150,295	$ 148,866	$ 1,429	1.0%	$ 2.1	$ 3.0	$ 1.6	$ (5.3)	$ 1.4
GM Financial	1,961	1,410	551	39.1%	—	—	—	0.6	0.6
Total net sales and revenue	$ 152,256	$ 150,276	$ 1,980	1.3%	$ 2.1	$ 3.0	$ 1.6	$ (4.7)	$ 2.0

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2013 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing effect due primarily to GMNA of $1.9 billion; (2) favorable vehicle mix due primarily to GMNA of $1.3 billion and GMSA of $0.6 billion; partially offset by (3) Other of $1.9 billion due primarily to unfavorable net foreign currency effect of $2.3 billion due from the weakening of the Brazilian Real, Argentinian Peso and Venezuela Bolivar Fuerte against the U.S. Dollar; partially offset by increased other revenue of $0.4 billion due primarily to increases in OnStar, LLC and parts and accessories revenue; and (4) decreased wholesale volumes.

In the year ended December 31, 2013 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of $1.0 billion due to growth in the portfolio resulting from the acquisition of Ally Financial's international operations and increased originations; and (2) increased leased vehicle income of $0.3 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due primarily to GMSA of $1.6 billion, GMNA of $0.7 billion and GME of $0.4 billion; (2) increased wholesale volumes due primarily to GMNA of $3.8 billion and GMIO of $1.4 billion; partially offset by decreases in GME of $2.4 billion and GMSA of $0.6 billion; (3) favorable vehicle pricing effect due primarily to GMIO of $0.8 billion, GMNA of $0.5 billion and GMSA of $0.5 billion; partially offset by (4) Other of $5.3 billion due primarily to unfavorable net foreign currency effect of $3.7 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased revenues from powertrain and parts sales of $0.7 billion due to decreased volumes; reduction in favorable lease residual adjustments of $0.5 billion; decreased revenues from rental car leases of $0.2 billion; and decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of $0.1 billion.

In the year ended December 31, 2012 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

Automotive Cost of Sales

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total
	(Dollars in millions)				(Dollars in billions)			
Automotive cost of sales	$ 134,925	$ 140,236	$ 5,311	3.8%	$ 0.3	$ (2.3)	$ 7.3	$ 5.3
Automotive gross margin	$ 17,167	$ 10,059	$ 7,108	70.7%				

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To			
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total
	(Dollars in millions)				(Dollars in billions)			
Automotive cost of sales	$ 140,236	$ 130,386	$ (9,850)	(7.6)%	$ (0.9)	$ (3.8)	$ (5.2)	$ (9.9)
Automotive gross margin	$ 10,059	$ 18,480	$ (8,421)	(45.6)%				

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount excluding adjustments. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns.

In the year ended December 31, 2013 Automotive cost of sales decreased due primarily to: (1) Other of $7.3 billion due to decreased impairment charges of $2.8 billion for long-lived assets and intangible assets; decreased pension settlement losses of $2.5 billion; the favorable effect of $1.3 billion resulting from the reversal of the Korea wage litigation accrual in 2013 compared to accruals related to the litigation in 2012; favorable net foreign currency effect of $0.9 billion due primarily to the weakening of the Brazilian Real against the U.S. Dollar; and reduction in unfavorable warranty and policy adjustments of $0.7 billion; partially offset

by increased material and freight costs of $0.4 billion; increased costs of $0.2 billion related to parts and accessories sales; and net increased manufacturing expenses of $0.1 billion due primarily to new launch costs offset by reduced depreciation and amortization; (2) decreased costs related to decreased wholesale volumes; partially offset by (3) unfavorable vehicle mix due primarily to GMNA of $1.3 billion, GMSA of $0.4 billion and GMIO of $0.4 billion.

In the year ended December 31, 2012 Automotive cost of sales increased due primarily to: (1) Other of $5.2 billion due primarily to increased employee costs of $4.1 billion including increased pension settlement losses and decreased net pension and other postretirement benefits (OPEB) income and separation costs; impairment charges of $3.7 billion for long-lived assets and intangible assets; increased manufacturing expense of $1.4 billion due to new launches; increased policy and product warranty expense of $0.2 billion; partially offset by favorable net foreign currency effect of $3.3 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased engineering expense of $0.5 billion; decreased costs of $0.3 billion related to powertrain and parts sales; and decreased costs of $0.1 billion due to the deconsolidation of VMM in June 2011; (2) unfavorable vehicle mix due primarily to GMNA of $1.3 billion, GMSA of $1.2 billion and GME of $0.8 billion; and (3) increased costs related to increased wholesale volumes due primarily to GMNA of $2.7 billion; partially offset by a decrease in GME of $1.9 billion.

GM Financial Operating and Other Expenses

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
GM Financial operating and other expenses	$ 2,448	$ 1,207	$ 785	$ 1,241	102.8%	$ 422	53.8%

In the year ended December 31, 2013 GM Financial operating and other expenses increased primarily due to: (1) an increase in interest expense of $0.4 billion due to higher average debt outstanding in 2013 compared to 2012, primarily resulting from the acquisition of Ally Financial's international operations; (2) an increase in employee and other operating costs of $0.4 billion due primarily to the acquisition of Ally Financial's international operations and an increase in headcount; (3) an increase in the provision for loan losses of $0.2 billion due primarily to growth of the consumer loan portfolio; and (4) an increase in depreciation expense of $0.2 billion due primarily to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 GM Financial operating and other expenses increased primarily due to: (1) an increase in depreciation expense of $0.1 billion due to the increased size of the leased asset portfolio; (2) an increase in the provision for loan losses of $0.1 billion due primarily to growth of the consumer loan portfolio; (3) an increase in interest expense of $0.1 billion due to higher average debt outstanding in 2012 compared to 2011; and (4) an increase in employee costs of $0.1 billion due primarily to a 9% increase in employee headcount to support growth in GM Financial's business.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive selling, general and administrative expense	$ 12,382	$ 14,031	$ 12,163	$ (1,649)	(11.8)%	$ 1,868	15.4%

In the year ended December 31, 2013 Automotive selling, general and administrative expense decreased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of $1.8 billion that occurred in 2012 but not in 2013; and (2) a premium paid of $0.4 billion on the common stock purchase from the UST that occurred in 2012 but not in 2013; partially offset by (3) costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of $0.5 billion.

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of $1.8 billion; and (2) a premium paid of $0.4 billion on the common stock purchase from the UST; partially offset by (3) favorable net foreign currency effect of $0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

Goodwill Impairment Charges

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Goodwill impairment charges	$ 541	$ 27,145	$ 1,286	$ (26,604)	(98.0)%	$ 25,859	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 Goodwill impairment charges decreased as we recorded charges of $0.5 billion in GMIO in 2013 as compared to charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

In the year ended December 31, 2012 the Goodwill impairment charges increased as we recorded charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012 as compared to charges of $1.0 billion and $0.3 billion in GME and GMIO in 2011. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive interest expense	$ 334	$ 489	$ 540	$ (155)	(31.7)%	$ (51)	(9.4)%

In the year ended December 31, 2013 Automotive interest expense decreased due primarily to the redemption of GM Korea's preferred shares in December 2012 and April 2013.

In the year ended December 31, 2012 the decrease in Automotive interest expense was insignificant, as the composition of our debt and related interest rates did not change significantly compared to 2011.

Interest Income and Other Non-Operating Income, net

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Interest income and other non-operating income, net	$ 1,063	$ 845	$ 851	$ 218	25.8%	$ (6)	(0.7)%

In the year ended December 31, 2013 Interest income and other non-operating income, net increased due primarily to: (1) a gain of $0.5 billion related to the sale of our Ally Financial investment in 2013; and (2) favorable effect of $0.4 billion due to a $0.2 billion gain on the sale of the PSA stock in 2013 compared to a $0.2 billion impairment charge in 2012; partially offset by (3) unfavorable $0.2 billion foreign currency effect related to intercompany foreign currency denominated loans; (4) decreased insurance recoveries of $0.1 billion; (5) decreased interest income of $0.1 billion; (6) decreased gain on the sale of machinery and equipment of $0.1 billion; and (7) unfavorable effect of $0.1 billion gain on the purchase of GMAC de Venezuela in 2012 that did not occur in 2013.

In the year ended December 31, 2012 Interest income and other non-operating income, net remained flat due primarily to: (1) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011 which did not recur in 2012; (2) an impairment charge of $0.2 billion related to our investment in PSA; (3) a charge of $0.1 billion to record General Motors Strasbourg S.A.S. (GMS) assets and liabilities to estimated fair value; (4) decreased interest income of $0.1 billion; and (5) derivative losses of $0.1 billion related to fair value adjustments; offset by (6) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock in 2011 which did not recur in 2012; and (7) income related to insurance recoveries of $0.2 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Gain (Loss) on Extinguishment of Debt

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Gain (loss) on extinguishment of debt	$ (212)	$ (250)	$ 18	$ 38	15.2%	$ (268)	n.m.

n.m. = not meaningful

In the years ended December 31, 2013 and December 31, 2012 we recorded losses on extinguishment of debt primarily related to the early redemption of the GM Korea redeemable preferred shares.

Equity Income and Gain on Investments

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
China joint ventures (China JVs)	$ 1,763	$ 1,521	$ 1,511	$ 242	15.9%	$ 10	0.7%
New Delphi (including gain on disposition)	—	—	1,727	—	n.m.	(1,727)	n.m.
Others	47	41	(46)	6	14.6%	87	n.m.
Total equity income and gain on investments	$ 1,810	$ 1,562	$ 3,192	$ 248	15.9%	$ (1,630)	(51.1)%

n.m. = not meaningful

In the year ended December 31, 2013 Equity income and gain on investments increased due primarily to a $0.2 billion increase in earnings of our China JVs.

In the year ended December 31, 2012 Equity income and gain on investments decreased due primarily to a $1.6 billion gain related to the sale of our Delphi Automotive LLP (New Delphi) Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012.

Income Tax Expense (Benefit)

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Income tax expense (benefit)	$ 2,127	$ (34,831)	$ (110)	$ 36,958	n.m.	$ (34,721)	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 our effective tax rate was 28.5%. Income tax expense increased due primarily to the deferred tax asset valuation allowance reversal of $36.3 billion in the U.S. and Canada that occurred in 2012.

In the year ended December 31, 2012 income tax benefit increased due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S. and Canada in 2012 as compared to $0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of $1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of $1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of $0.6 billion related to the U.S. salary pension plan.

Refer to Note 18 to our consolidated financial statements for additional information related to our income tax expense (benefit).

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Non-GAAP Measures

Management believes earnings before interest and tax (EBIT)-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, interest expense and income taxes as well as certain additional adjustments. Such adjustments include impairment charges related to goodwill, other long-lived assets under certain circumstances and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments.

Management believes free cash flow and adjusted free cash flow provide meaningful supplemental information regarding the liquidity of our automotive operations and our ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for management actions, primarily related to strengthening our balance sheet, such as accrued interest on prepayments of debt and voluntary contributions to employee benefit plans.

Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe these non-GAAP measures are useful in allowing for greater transparency of our core operations and are therefore used by management in its financial and operational decision-making. Management does not consider the excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income, Net income attributable to stockholders or operating cash flow. Due to these limitations, these non-GAAP measures are used as supplements to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income attributable to stockholders and provides supplemental detail of the adjustments, which are presented net of noncontrolling interests (dollars in millions):

	Years Ended December 31,					
	2013		2012		2011	
Automotive						
EBIT-adjusted						
GMNA	$ 7,461	97.1%	$ 6,470	90.9%	$ 6,779	88.2%
GME	(844)	(11.0)%	(1,939)	(27.2)%	(1,041)	(13.6)%
GMIO	1,230	16.0%	2,528	35.5%	2,232	29.1%
GMSA	327	4.3%	457	6.4%	158	2.1%
Corporate and eliminations	(494)	(6.4)%	(400)	(5.6)%	(446)	(5.8)%
Total automotive EBIT-adjusted	7,680	100.0%	7,116	100.0%	7,682	100.0%
Adjustments	(790)		(36,106)		861	
Corporate interest income	249		343		455	
Automotive interest expense	338		489		540	
Loss on extinguishment of debt	212		250		—	
Automotive Financing						
GM Financial income before income taxes	898		744		622	
Adjustments	(15)		—		—	
Consolidated						
Eliminations	1		(1)		—	
Income tax expense (benefit)	2,127		(34,831)		(110)	
Net income attributable to stockholders	$ 5,346		$ 6,188		$ 9,190	

Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.

	Year Ended December 31, 2013					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Impairment charges of property and intangible assets	$ —	$ —	$ (774)	$ —	$ —	$ (774)
Costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe	—	—	(621)	—	—	(621)
Reversal of GM Korea wage litigation accrual	—	—	577	—	—	577
Gain on sale of equity investment in Ally Financial	—	—	—	—	483	483
Goodwill impairment charges	—	—	(442)	—	—	(442)
Venezuela currency devaluation	—	—	—	(162)	—	(162)
Gain on sale of equity investment in PSA	—	152	—	—	—	152
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	67	—	—	67
Pension settlement charges	(56)	—	—	—	—	(56)
Charges related to PSA product development agreement	(49)	—	—	—	—	(49)
Income related to insurance recoveries	5	1	24	5	—	35
Total adjustments to automotive EBIT	$ (100)	$ 153	$ (1,169)	$ (157)	$ 483	$ (790)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2012					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Goodwill impairment charges	$ (26,399)	$ (590)	$ (132)	$ —	$ —	$ (27,121)
Impairment charges of property	—	(3,714)	—	—	—	(3,714)
Pension settlement charges	(2,662)	—	—	—	—	(2,662)
Impairment charges of intangible assets	—	(1,755)	—	—	—	(1,755)
Premium paid to purchase our common stock from the UST	—	—	—	—	(402)	(402)
GM Korea wage litigation accrual	—	—	(336)	—	—	(336)
Impairment charge related to investment in PSA	—	(220)	—	—	—	(220)
Income related to insurance recoveries	9	7	112	27	—	155
Charge to record GMS assets and liabilities to estimated fair value	—	(119)	—	—	—	(119)
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	68	—	—	68
Total adjustments to automotive EBIT	$ (29,052)	$ (6,391)	$ (288)	$ 27	$ (402)	$ (36,106)

	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$ 1,645	$ —	$ —	$ —	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to GM India	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments to automotive EBIT	$ 2,394	$ (1,016)	$ (364)	$ 63	$ (216)	$ 861

GM North America

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 95,099	$ 89,910	$ 5,189	5.8%	$ 1.7	$ 1.3	$ 1.9	$ 0.3	$ 5.2
EBIT-adjusted	$ 7,461	$ 6,470	$ 991	15.3%	$ 0.5	$ —	$ 1.9	$ (1.4)	$ 1.0
	(Vehicles in thousands)								
Wholesale vehicle sales	3,276	3,207	69	2.2%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 89,910	$ 85,991	$ 3,919	4.6%	$ 3.8	$ 0.7	$ 0.5	$ (1.1)	$ 3.9
EBIT-adjusted	$ 6,470	$ 6,779	$ (309)	(4.6)%	$ 1.1	$ (0.6)	$ 0.5	$ (1.3)	$ (0.3)
	(Vehicles in thousands)								
Wholesale vehicle sales	3,207	3,053	154	5.0%					

GMNA Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Silverado and GMC Sierra; (2) increased wholesale volumes due to increased industry

demand and successful recent vehicle launches such as the Buick Encore, Cadillac ATS, Chevrolet Silverado, Chevrolet Spark, and GMC Sierra; and (3) favorable vehicle mix related to improving market segments containing higher revenue vehicles including crossovers and trucks.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix due to increases in Cadillac ATS, Cadillac XTS, Chevrolet Silverado and GMC Sierra; and (3) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Malibu, Chevrolet Traverse, GMC Acadia and Buick Enclave; partially offset by (4) Other of $1.1 billion due primarily to reduction in favorable lease residual adjustments of $0.5 billion; and unfavorable net foreign currency effect of $0.2 billion due to the weakening of the Canadian Dollar (CAD) and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 160% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2013 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) increased wholesale volumes; partially offset by (3) unfavorable Other of $1.4 billion primarily due to increased material and freight costs including new launches of $1.1 billion; increased manufacturing expense, including new launches, of $0.3 billion; increased engineering expense of $0.3 billion; and increased depreciation and amortization expense of $0.2 billion, partially offset by a reduction in unfavorable warranty and policy adjustments of $0.6 billion.

In the year ended December 31, 2012 EBIT-adjusted decreased due primarily to: (1) unfavorable vehicle mix due to increase in lower margin vehicles; and (2) Other of $1.3 billion due primarily to decreased U.S. pension income of $0.8 billion due to December 31, 2011 plan remeasurements; increased manufacturing expense, including new launches, of $0.6 billion; reduction in favorable lease residual adjustments of $0.5 billion; and unfavorable policy and warranty adjustments of $0.2 billion; partially offset by decreased engineering expense and other technology fees of $0.5 billion; and decreased material and freight costs of $0.4 billion. These were partially offset by: (3) increased net wholesale volumes; and (4) favorable vehicle pricing effect.

GM Europe

During the second half of 2011 and continuing into 2013, the European automotive industry has been severely affected by high unemployment and a lack of consumer confidence coupled with manufacturing overcapacity. European automotive industry sales to retail and fleet customers were 19 million vehicles in the year ended December 31, 2013, representing a 1.1% decrease compared to the corresponding period in 2012.

Outlook

We have formulated a plan and are implementing various actions to strengthen our operations and increase our competitiveness. The key areas include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, including restructuring activities. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors which are outside of our control. We believe it is likely that adverse economic conditions and their effect on the European automotive industry will not improve significantly in the near-term; however, we expect to break even in GME by mid-decade.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GME Total Net Sales and Revenue and EBIT (Loss)-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,110	$ 20,689	$ (579)	(2.8)%	$ (0.6)	$ —	$ (0.2)	$ 0.2	$ (0.6)
EBIT (loss)-adjusted	$ (844)	$ (1,939)	$ 1,095	(56.5)%	$ (0.1)	$ (0.2)	$ (0.2)	$ 1.6	$ 1.1
	(Vehicles in thousands)								
Wholesale vehicle sales	1,047	1,079	(32)	(3.0)%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,689	$ 25,154	$ (4,465)	(17.8)%	$ (2.4)	$ 0.4	$ (0.2)	$ (2.3)	$ (4.5)
EBIT (loss)-adjusted	$ (1,939)	$ (1,041)	$ (898)	86.3%	$ (0.5)	$ (0.4)	$ (0.2)	$ 0.2	$ (0.9)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,079	1,240	(161)	(13.0)%					

GME Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; and (2) unfavorable vehicle pricing primarily resulting from increased incentive support associated with difficult market conditions; partially offset by (3) Other of $0.2 billion due primarily to favorable net foreign currency effect.

In the year ended December 31, 2012 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; (2) unfavorable price effects primarily resulting from increased incentive support associated with strong competition; and (3) Other of $2.3 billion due primarily to unfavorable net foreign currency effect of $1.7 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira and British Pound; decreased parts, accessories and powertrain engine and transmission sales of $0.5 billion associated with lower demand; and a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011; partially offset by (4) favorable vehicle mix due to the new generation Astra GTC, Opel Mokka and Ampera and increased sales of other higher priced vehicles.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2013 EBIT (loss)-adjusted decreased due primarily to: (1) Other of $1.6 billion due primarily to decreased manufacturing costs of $0.7 billion mainly resulting from decreased depreciation expense because of asset impairments in December 2012, which decreased the depreciable base; decreased engineering expenses of $0.3 billion; favorable material and freight costs of $0.3 billion; and a favorable net effect of changes in the fair value of an embedded foreign currency derivative asset of $0.2 billion associated with a long-term supply agreement; partially offset by (2) unfavorable net vehicle mix due to lower proportion of higher priced vehicles; (3) unfavorable vehicle pricing; and (4) decreased wholesale volumes.

In the year ended December 31, 2012 EBIT (loss)-adjusted increased due primarily to: (1) decreased wholesale volumes; (2) unfavorable net vehicle mix; and (3) unfavorable price effects; partially offset by (4) Other of $0.2 billion due primarily to lower manufacturing and material costs of $0.4 billion; and favorable net foreign currency effect of $0.1 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; partially offset by a decrease of $0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; and decreased parts, accessories and powertrain engine and transmission sales of $0.2 billion, associated with lower demand.

GM International Operations

We have strategically assessed the manner in which we operate in certain countries within GMIO, including our cost structure, the level of local sourcing, the level of investment in the product portfolio, the allocation of production activity to the existing manufacturing base and our brand strategy. These strategic reviews considered the effects that recent and forecasted deterioration in local market conditions would have on our operations. While we are continuing our strategic assessments, we have taken certain actions and incurred impairment and other charges as detailed below.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe in 2015 due to the challenging business model and difficult economic situation in Europe. The results of our Chevrolet operations in Western and Central Europe, which are subsidiaries of our GM Korea operations, are reflected in the financial results of our GMIO region. This action is expected to improve our European operations through a further strengthening of our Opel and Vauxhall brands and reduce the market complexity associated with both Opel and Chevrolet products in Western and Central Europe. In the three months ended December 31, 2013 we recorded pre-tax charges of $0.6 billion, net of noncontrolling interests of 23.0%, consisting of intangible asset impairment charges, dealer restructuring costs, sales incentive and inventory related costs and employee severance and other costs. We may incur additional charges of up to $0.3 billion through the first half of 2014 primarily for dealer restructuring costs and sales incentives. Refer to Note 19 of our consolidated financial statements for additional information.

Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at Holden by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its global design studio. Our Australian operations have been subject to unfavorable market conditions including the sustained strength of the Australian dollar, high cost of production and a small but highly competitive and fragmented domestic automotive market. In the three months ended December 31, 2013 we recorded pre-tax charges of $0.5 billion consisting of asset impairment charges including property, plant and equipment and exit-related costs including certain employee severance related costs. We expect to incur additional charges through 2017 for incremental future cash payments of employee severance once negotiations of the amount are completed. Refer to Note 19 of our consolidated financial statements for additional information.

GM India

In the three months ended December 31, 2013 we performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. As a result we recorded pre-tax asset impairment charges of $0.3 billion, net of noncontrolling interests of 9.2%, to adjust the carrying amount of GM India's real and personal property, Intangible assets, net and Goodwill. Our strategic assessment also outlines planned actions requiring additional future investments and modifications to our existing GM India business model that are needed to reach profitability in the medium to long-term. There are no assurances that the forecasted financial results outlined in the strategic assessment will be achieved. Refer to Note 9 of our consolidated financial statements for additional information.

Goodwill Impairment Charges

We recorded Goodwill impairment charges of $0.5 billion in the year ended December 31, 2013 primarily related to our GM Korea and GM India reporting units.

Focus on Chinese Market

We view the Chinese market as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick and Chevrolet brands. In the coming years, we plan to increasingly leverage our global architectures to increase the number of

nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in the Chinese market through a number of joint ventures and maintaining good relations with our joint venture partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Years Ended December 31,		
	2013	2012	2011
Total wholesale vehicles (a)	3,239	2,909	2,573
Market share	14.3%	14.6%	13.6%
Total net sales and revenue	$ 38,767	$ 33,364	$ 30,511
Net income	$ 3,685	$ 3,198	$ 3,203

(a) Including vehicles exported to markets outside of China.

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 6,606	$ 5,522
Debt	$ 151	$ 123

GMIO Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,263	$ 22,954	$ (2,691)	(11.7)%	$ (1.3)	$ (0.1)	$ (0.5)	$ (0.8)	$ (2.7)
EBIT-adjusted	$ 1,230	$ 2,528	$ (1,298)	(51.3)%	$ (0.3)	$ (0.5)	$ (0.3)	$ (0.2)	$ (1.3)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,037	1,109	(72)	(6.5)%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 22,954	$ 21,031	$ 1,923	9.1%	$ 1.4	$ 0.3	$ 0.8	$ (0.6)	$ 1.9
EBIT-adjusted	$ 2,528	$ 2,232	$ 296	13.3%	$ 0.5	$ (0.1)	$ 0.8	$ (0.9)	$ 0.3
	(Vehicles in thousands)								
Wholesale vehicle sales	1,109	1,039	70	6.7%					

GMIO Total Net Sales and Revenue

The vehicle sales of our China JVs and of GM India prior to September 1, 2012, the date we consolidated GM India, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income and gain on investments. Refer to Notes 3 and 8 to our consolidated financial statements for further detail on the acquisition of GM India.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volume of 129,000 vehicles (or 11.6%) primarily in Middle East and Chevrolet brand vehicles in Europe partially offset by an increase from the consolidation of GM India effective September 2012 resulting in an additional 57,000 wholesale vehicle sales (or 5.0%) in 2013; (2) unfavorable pricing due to increased incentive support associated with strong competition; (3) unfavorable vehicle mix; and (4) Other of $0.8 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Australian Dollar, the South Africa Rand and the Egyptian Pound against the U.S. Dollar of $0.5 billion and decreased sales of components, parts and accessories of $0.3 billion.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volume of 41,000 vehicles (of 4.0%) due primarily to strong industry growth across the region; coupled with an increase from the consolidation of GM India effective September 2012 resulting in an inclusion of 29,000 wholesale vehicle sales (or 2.8%); (2) favorable pricing due to higher pricing on new models launched; and (3) favorable vehicle mix due to increased export of new product; partially offset by (4) Other of $0.6 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar of $0.5 billion; and decrease in components, parts and accessories revenue of $0.1 billion.

GMIO EBIT-Adjusted

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) unfavorable net vehicle mix primarily in Middle East and Australian markets; (2) unfavorable pricing excluding $0.2 billion sales incentive related to withdrawal of the Chevrolet brand from Europe; (3) unfavorable net wholesale volumes; and (4) Other of $0.2 billion due primarily to unfavorable manufacturing costs of $0.3 billion; unfavorable net foreign currency effect of $0.2 billion; and a decrease in sales of components, parts and accessories of $0.2 billion; partially offset by favorable material and freight cost of $0.3 billion; and increased equity income, net of tax of $0.2 billion, from our interest in the increased net income of our China JVs.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable pricing due to higher pricing on new models launched; and (2) favorable net wholesale volumes; partially offset by (3) unfavorable net vehicle mix; and (4) Other of $0.9 billion due primarily to increased costs of $1.0 billion due primarily to increased material, freight and manufacturing costs; partially offset by net gain of $0.1 billion measured as the difference between the fair value of our 50% interest in GM India and the investment carrying amount at the date of acquisition.

GM South America

Venezuelan Operations

Our Venezuelan subsidiaries functional currency is the U.S. Dollar because of the hyperinflationary status of the Venezuelan economy.

Effective February 13, 2013 the Venezuelan government set the official fixed exchange rate of the Bolivar Fuerte (BsF) at BsF 6.3 to $1.00 from BsF 4.3 to $1.00. The devaluation resulted in a charge of $0.2 billion in the three months ended March 31, 2013 from the remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We believe it is possible that the Venezuelan government may further devalue the BsF against the U.S. Dollar in the future. If the BsF were devalued further, it would result in a charge to our income statement in the period of devaluation. Based on our December 31, 2013 net monetary assets, a charge of approximately $0.1 billion would result for every 10% devaluation of the BsF.

In December 2013 a new decree became effective requiring the government of Venezuela to set prices for all vehicles, parts and accessories sold in the country. In addition the Venezuelan government has foreign exchange control regulations that make it difficult to convert BsF to U.S. Dollars which affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations and to pay dividends. In January 2014 the Venezuelan government announced changes to the foreign exchange process which could affect the rate at which our Venezuelan subsidiaries buy dollars. These regulations, when considered with other governmental policies impacting labor force reductions and other circumstances in Venezuela, may limit our ability to fully benefit from and maintain our controlling financial interest in our Venezuelan subsidiaries. The financial impact on our operations in Venezuela of these events and associated ongoing restrictions are uncertain.

The total amounts pending government approval for settlement in U.S. Dollar at December 31, 2013 and 2012 were BsF 3.7 billion (equivalent to $0.6 billion) and BsF 2.2 billion (equivalent to $0.5 billion). These amounts include requests in the amount of BsF 0.6 billion (equivalent to $0.1 billion) that have been pending from 2007. Our Venezuelan subsidiaries net assets were $0.9 billion at December 31, 2013, including net monetary assets of $1.0 billion. At December 31, 2013 other consolidated entities had receivables from our Venezuelan subsidiaries denominated in other currencies of $0.5 billion.

GMSA Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 16,478	$ 16,700	$ (222)	(1.3)%	$ —	$ 0.6	$ 0.9	$ (1.7)	$ (0.2)
EBIT-adjusted	$ 327	$ 457	$ (130)	(28.4)%	$ —	$ 0.3	$ 0.9	$ (1.3)	$ (0.1)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,053	1,050	3	0.3%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 16,700	$ 16,632	$ 68	0.4%	$ (0.6)	$ 1.6	$ 0.5	$ (1.4)	$ 0.1
EBIT-adjusted	$ 457	$ 158	$ 299	189.2%	$ (0.2)	$ 0.4	$ 0.5	$ (0.4)	$ 0.3
	(Vehicles in thousands)								
Wholesale vehicle sales	1,050	1,090	(40)	(3.7)%					

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) Other of $1.7 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.9 billion; partially offset by increased revenue from parts and accessories sales of $0.1 billion; partially offset by (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; and (3) favorable vehicle mix due to increased sales of the Chevrolet Trailblazer, Chevrolet Captiva, Chevrolet Orlando, Chevrolet Tahoe and Chevrolet S10.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due to increased sales of Chevrolet Cruze and Chevrolet S10; and (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; partially offset by (3) decreased wholesale volumes due to deteriorated market share driven by increased competition and aggressive pricing in the market; and (4) Other of $1.4 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the BsF of $1.5 billion; partially offset by increased revenue from parts and accessories sales of $0.1 billion.

GMSA EBIT-Adjusted

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) Other of $1.3 billion due primarily to unfavorable net foreign currency effect as a result of the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.1 billion; increased selling, general and administrative expense mainly due to a decrease in contingency reserves of $0.1 billion in the corresponding period of 2012 due to the resolution of certain items at amounts lower than previously expected; and a gain of $50 million on the purchase of GMAC de Venezuela CA in the corresponding period of 2012; partially offset by (2) favorable vehicle pricing effect primarily driven by high inflation in Venezuela and Argentina; and (3) favorable net vehicle mix.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) favorable net vehicle mix; partially offset by (3) unfavorable net wholesale volumes; and (4) Other of $0.4 billion due primarily to increased material, freight and manufacturing costs of $0.5 billion; and increased administrative and advertising and sales promotion expenses

GENERAL MOTORS COMPANY AND SUBSIDIARIES

of $0.1 billion to support launches of new products; partially offset by decreases in contingency reserves of $0.1 billion due to the resolution of certain items at amounts lower than previously expected; and a bargain purchase gain of $50 million on the purchase of GMAC de Venezuela CA.

GM Financial

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
	(Dollars in millions)						
Total revenue	$ 3,344	$ 1,961	$ 1,410	$ 1,383	70.5%	$ 551	39.1%
Provision for loan losses	$ 475	$ 304	$ 178	$ 171	56.3%	$ 126	70.8%
Income before income taxes	$ 883	$ 744	$ 622	$ 139	18.7%	$ 122	19.6%
	(Dollars in billions)						
Average debt outstanding	$ 21.0	$ 9.5	$ 7.6	$ 11.5	121.1%	$ 1.9	25.0%
Effective rate of interest paid	3.4%	3.0%	2.7%	0.4%		0.3%	

GM Financial Revenue

In the year ended December 31, 2013 Total revenue increased due primarily to: (1) increased finance charge income of $1.0 billion due to the acquisition of Ally Financial international operations and increased loan originations; and (2) increased leased vehicle income of $0.3 billion due to a larger lease portfolio.

In the year ended December 31, 2012 Total revenue increased due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

GM Financial Income Before Income Taxes

In the year ended December 31, 2013 Income before income taxes increased due primarily to: (1) increased revenue of $1.0 billion; partially offset by (2) increased provision for loan losses; (3) increased interest expenses of $0.4 billion; and (4) increased operating expenses of $0.4 billion. These changes are due primarily to the acquisition of the Ally Financial international operations.

In the year ended December 31, 2012 Income before income taxes increased due primarily to: (1) increased revenue of $0.6 billion; partially offset by (2) increased leased vehicle expenses of $0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses due to a larger loan portfolio; (4) increased interest expenses of $0.1 billion due primarily to new debt; and (5) increased operating expenses of $0.1 billion due to an increase of personnel to support company growth.

Corporate
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Net income (loss) attributable to stockholders	$ (2,138)	$ 33,809	$ (452)	$ (35,947)	n.m.	$ 34,261	n.m.

n.m. = not meaningful

Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the changes in Corporate Net income (loss) attributable to stockholders (dollars in billions):

	Years Ended	
	2013 vs. 2012	2012 vs. 2011
Deferred tax asset valuation allowance release in U.S. and Canada	$ (36.3)	$ 36.3
Other tax related matters	(0.5)	(1.4)
Impairment of investment in Ally Financial common stock	—	0.6
Premium paid to purchase common stock from UST	0.4	(0.4)
Gain on sale of Ally Financial preferred and common stock	0.5	(0.3)
Loss on extinguishment of debt	—	(0.3)
Other	—	(0.2)
	$ (35.9)	$ 34.3

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are centered around three objectives: (1) reinvest in our business; (2) continue to strengthen our balance sheet and competitive position; and (3) return cash to shareholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately $7.5 billion annually as well as engineering and product development activities; (2) acquiring Ally Financial's equity interests in GMAC-SAIC, as subsequently discussed, for approximately $0.9 billion; (3) payments for previously announced restructuring activities of up to $1.1 billion; (4) payments to service debt and other long-term obligations; (5) payments to purchase the remaining outstanding shares of our Series A Preferred Stock with a liquidation amount of $3.9 billion once the shares become redeemable on or after December 31, 2014; and (6) dividend payments on our common stock that are declared by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Risk Factors" section of this 2013 Form 10-K, some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our balance sheet and competitive position over the long-term. These actions may include opportunistic payments to reduce our long-term obligations while maintaining minimal financial leverage as well as the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interests in GMAC-SAIC for approximately $4.2 billion. GM Financial has completed the acquisitions of Ally Financial's European and Latin American automotive finance operations for $3.3 billion in 2013. Increases in GM Financial receivables and GM Financial Short-term and Long-term debt in 2013 compared to 2012 were due primarily to the acquisition. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

In April 2013 GM Korea made a payment of $0.7 billion to acquire, prior to the mandatory redemption date, the remaining balance of GM Korea's seven percent mandatorily redeemable preferred shares that had a carrying amount of $0.5 billion. We recorded the difference of $0.2 billion as a loss on extinguishment of debt.

In September 2013 we issued $4.5 billion in aggregate principal amount of senior unsecured notes comprising $1.5 billion of 3.5% notes due in 2018, $1.5 billion of 4.875% notes due in 2023 and $1.5 billion of 6.25% notes due in 2043. We used proceeds from the issuance of these notes to purchase 120 million shares of our Series A Preferred Stock from the New VEBA for a total price of $3.2 billion, which was equal to 108.1% of their aggregate liquidation amount. The Series A Preferred Stock accrues cumulative dividends at a 9% annual rate. We recorded a loss for the difference between the carrying amount of the Series A Preferred Stock purchased of $2.4 billion and the consideration paid of $3.2 billion, which reduced Net income attributable to common stockholders by $0.8 billion.

In October 2013 we used proceeds from the issuance of the senior unsecured notes to make a payment of $1.2 billion to prepay notes issued to the HCT. The HCT notes accrued interest at a 7% annual rate. This transaction and the purchase of the Series A Preferred Stock from the New VEBA lowered our overall cost of funding as the senior unsecured notes carry a lower interest rate than the dividends on the Series A Preferred Stock and the interest rate on the HCT notes.

In December 2013 we sold our investment in Ally Financial's common stock for $0.9 billion. Also in December 2013 we sold our seven percent equity stake in PSA for $0.3 billion. These transactions released capital from non-core investment assets and allow the funds to be used for other corporate purposes.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2013 our total available liquidity was $38.3 billion, including funds available under credit facilities of $10.4 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2013. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and corporate debt securities, and are primarily denominated in U.S. Dollars. We expect to maintain a sufficient amount of CAD denominated cash investments to offset certain CAD denominated liabilities, which primarily relate to pension and OPEB liabilities. These cash investments will incur foreign currency exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign currency exchange exposure. We held cash investments in CAD denominated securities of $1.7 billion at December 31, 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit worthiness thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity and to fund working capital needs at certain of our subsidiaries. The total size of our credit facilities was $11.2 billion and $11.4 billion at December 31, 2013 and 2012. Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, $5.5 billion facility maturing in 2015 and a five-year, $5.5 billion facility maturing in 2017. We have not borrowed against

these facilities, but have amounts in use under the letter of credit sub-facility of $0.6 billion at December 31, 2013. GM Financial has not borrowed against the three-year facility. Refer to Note 14 to our consolidated financial statements for additional details on our secured revolving credit facilities.

The following table summarizes our automotive available liquidity (dollars in millions):

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 18,947	$ 17,133
Marketable securities	8,972	8,988
Available liquidity	27,919	26,121
Available under credit facilities	10,404	11,119
Total available liquidity	$ 38,323	$ 37,240

The following table summarizes the changes in our automotive available liquidity (dollars in billions):

	Year Ended 2013 vs 2012
Operating cash flow	$ 11.0
Less: capital expenditures	(7.5)
Sale of investments in Ally Financial and PSA	1.2
Capital contribution to GM Financial for the acquisition of the Ally Financial international operations	(1.3)
Dividends paid	(0.9)
Decrease in available credit facilities	(0.7)
Effect of foreign currency	(0.4)
Other	(0.3)
Total change in available liquidity	$ 1.1

Cash Flow

The following tables summarize automotive cash flows from operating, investing and financing activities (dollars in billions):

	Years Ended December 31,		
	2013	2012	2011
Operating Activities			
Net income	$ 4.7	$ 5.6	$ 8.9
Depreciation, amortization and impairments	7.6	38.5	7.3
Pension & OPEB activities	(0.8)	(0.5)	(3.0)
Working capital	(0.5)	(0.7)	(2.2)
Deferred tax valuation allowance release in the U.S. and Canada	—	(36.3)	—
Other	—	3.0	(3.6)
Cash flows from operating activities	$ 11.0	$ 9.6	$ 7.4

Depreciation, amortization and impairments included goodwill impairments of $0.5 billion, $27.1 billion and $1.3 billion and impairment charges of property and intangible assets of $1.4 billion, $5.5 billion and $0.1 billion in the year ended December 31, 2013, 2012 and 2011. In the year ended December 31, 2012 significant Pension and OPEB activities included contributions to the U.S. salaried pension plan of $2.3 billion for the purchase of annuity contracts and associated pension settlement charges of $2.7 billion. In the year ended December 31, 2011 significant Pension and OPEB activities included a cash contribution as part of the HCT settlement of $0.8 billion and a gain associated with the HCT settlement of $0.7 billion. In the year ended December 31, 2012 Other

was due primarily to favorable movements in dealer and customer allowances of $0.9 billion, other deferred tax provisions of $0.9 billion and policy and warranty of $0.6 billion. In the year ended December 31, 2011 Other was due primarily to gains on the sale of our investments in New Delphi Class A Membership Interests and Ally Financial preferred stock of $2.0 billion, unfavorable movements in accrued and other liabilities of $0.7 billion and equipment on operating leases of $0.5 billion.

	Years Ended December 31,		
	2013	2012	2011
Investing Activities			
Capital expenditures	$ (7.5)	$ (8.1)	$ (6.2)
Liquidations (acquisitions) of marketable securities, net	0.1	6.9	(10.6)
Sale of our investment in Ally Financial	0.9	—	1.0
Sale of our investment in Delphi	—	—	3.8
Other	0.4	0.5	1.4
Cash flows from investing activities	$ (6.1)	$ (0.7)	$ (10.6)

Changes in the (Acquisitions) liquidations of marketable securities, net were due to varying maturities of investments as we rebalanced our investment portfolio in the normal course of business. Other was due primarily to the release of restricted cash, including the release of $1.0 billion associated with the implementation of the HCT in the year ended December 31, 2011.

	Years Ended December 31,		
	2013	2012	2011
Financing Activities			
Issuance of senior unsecured notes	$ 4.5	$ —	$ —
Prepayment of HCT notes	(1.1)	—	—
Early redemption of GM Korea preferred stock	(0.7)	(0.7)	—
Purchase of Series A Preferred Stock	(3.2)	—	—
Purchase of Common Stock (excluding charge related to purchase premium)	—	(5.1)	—
Dividends paid (excluding charge related to purchase of series A Preferred Stock)	(0.9)	(0.9)	(0.9)
Other	—	(0.4)	(1.0)
Cash flows from financing activities	$ (1.4)	$ (7.1)	$ (1.9)

Other was due primarily to prepayments on debt facilities held by certain of our foreign subsidiaries, primarily in GMNA and GMSA, of $1.0 billion in the year ended December 31, 2011.

Free Cash Flow and Adjusted Free Cash Flow

The following table summarizes free cash flow and adjusted free cash flow (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Operating cash flow	$ 11,021	$ 9,631	$ 7,429
Less: capital expenditures	(7,549)	(8,055)	(6,241)
Free cash flow	3,472	1,576	1,188
Adjustments	225	2,712	1,830
Adjusted free cash flow	$ 3,697	$ 4,288	$ 3,018

Adjustments to free cash flow included the following items: accrued interest on the prepayment of the HCT notes of $0.2 billion in October 2013 and pension contributions of $0.1 billion related to the previously announced annuitization of the U.S. salaried pension

plan in March 2013; voluntary contributions to the U.S. salaried pension plan of $2.3 billion for the purchase of annuity contracts and the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; termination of in-transit wholesale advance agreement in GMNA resulting in an increase to accounts receivable of $1.1 billion and OPEB payments relating to the HCT settlement of $0.8 billion in 2011.

Status of Credit Ratings

We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and S&P. DBRS Limited and Moody's currently rate our corporate credit at investment grade while Fitch and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at January 30, 2014:

	Corporate	Secured Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS Limited	BBB (low)	N/A	N/A	Stable
Fitch	BB+	BBB-	BB+	Positive
Moody's	Investment Grade	Baa2	Ba1	Stable
S&P	BB+	BBB	BB+	Positive

Rating actions taken by each of the credit rating agencies from January 1, 2013 through January 30, 2014 were as follows:

Fitch: September — Assigned a senior unsecured rating of BB+. August — Upgraded their outlook to positive from stable.

Moody's: September — Upgraded corporate rating to an investment grade rating of Baa3 from Ba1, assigned a senior unsecured rating of Ba1 and changed their outlook to stable from positive.

S&P: September — Assigned a senior unsecured rating of BB+ and upgraded their outlook to positive from stable.

We continue to pursue investment grade status from all of the credit rating agencies by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facility.

Automotive Financing — GM Financial

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, leasing income, servicing fees, net distributions from secured debt, borrowings under secured and unsecured debt, net proceeds from senior notes transactions and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of finance receivables and leased vehicles, funding of commercial finance receivables, business acquisitions, repayment of secured and unsecured debt, funding credit enhancement requirements for secured debt, operating expenses and interest costs. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt.

Available Liquidity

The following table summarizes GM Financial's available liquidity for daily operations (dollars in millions):

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 1,074	$ 1,289
Borrowing capacity on unpledged eligible assets	1,650	1,349
Borrowing capacity on committed unsecured lines of credit	615	—
Available liquidity	$ 3,339	$ 2,638

The increase in liquidity is due primarily to the net increase of $0.8 billion resulting from the Ally Financial international operations acquisition.

GM Financial has the ability to borrow up to $4.0 billion against our three-year $5.5 billion secured revolving credit facility subject to available capacity and borrowing base restrictions. In the event GM Financial borrows against the facility, it is expected such borrowings would be short-term in nature. The facility is not guaranteed or secured by any GM Financial assets or subsidiaries.

Credit Facilities

In the normal course of business, in addition to using its available cash, GM Financial utilizes borrowings under its credit facilities, which may be secured and structured as securitizations, or may be unsecured, and GM Financial repays these borrowings as appropriate under its cash management strategy. At December 31, 2013 secured and unsecured credit facilities totaled $15.6 billion and $4.0 billion, with advances outstanding of $9.0 billion and $3.0 billion.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. GM Financial's secured credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings under these agreements and/or remove GM Financial as servicer. At December 31, 2013 GM Financial was in compliance with all covenants related to its credit facilities.

Cash Flow

The following table summarizes GM Financial cash flows from operating, investing and financing activities (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Net cash provided by operating activities	$ 1,609	$ 974	$ 737
Net cash used in investing activities	$ (8,215)	$ (2,776)	$ (2,112)
Net cash provided by financing activities	$ 5,143	$ 2,318	$ 1,520

Operating Activities

In the year ended December 31, 2013 net cash provided by operating activities increased by $0.6 billion due primarily to the acquisitions of Ally Financial international operations.

In the year ended December 31, 2012 net cash provided by operating activities increased by $0.2 billion due primarily to higher revenues resulting from a $2.4 billion increase in average earning assets.

Investing Activities

In the year ended December 31, 2013 net cash used in investing activities increased by $5.4 billion due primarily to: (1) increased funding of commercial finance receivables of $19.9 billion and purchase of consumer finance receivables of $4.0 billion; (2) net cash payment of $2.6 billion made in the current year on the acquisitions of Ally Financial international operations; (3) increased purchase of leased vehicles of $1.2 billion; and (4) increase in restricted cash of $0.6 billion; partially offset by (5) increased collections and recoveries on finance receivables of $22.8 billion.

In the year ended December 31, 2012 net cash used in investing activities increased by $0.7 billion due primarily to: (1) increased funding of commercial finance receivables of $1.2 billion and purchase of consumer finance receivables of $0.6 billion; and (2) increased purchase of leased vehicles of $0.2 billion; partially offset by (3) increased collections and recoveries on finance receivables of $1.0 billion.

Financing Activities

In the year ended December 31, 2013 net cash provided by financing activities increased by $2.8 billion due primarily to the increased borrowings under secured and unsecured debt and issuance of senior notes of $14.0 billion, partially offset by the increased debt repayment of $9.7 billion and the repayment of $1.4 billion in certain debt assumed as part of the Ally Financial international operations acquisitions.

In the year ended December 31, 2012 net cash provided by financing activities increased by $0.8 billion due primarily to a decrease in repayment of debt.

Defined Benefit Pension Plan Contributions

Eligible U.S. salaried employees hired prior to January 2001 participated in a defined benefit pension plan which was frozen as of September 30, 2012. All eligible salaried employees now participate in a defined contribution plan. Hourly employees hired prior to October 2007 generally participate in plans which provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Hourly employees hired after September 2007 participate in a defined contribution plan. Our policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2013 all legal funding requirements had been met. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.7 billion to our non-U.S. pension plans in 2014.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. hourly and salaried	$ 128	$ 2,420	$ 1,962
Non-U.S.	886	855	836
Total contributions	$ 1,014	$ 3,275	$ 2,798

We provided short-term, interest-free, unsecured loans of $2.2 billion to provide the U.S. salaried defined benefit pension plan with incremental liquidity to pay ongoing benefits and administrative costs. Through December 31, 2013 contributions of $1.7 billion were made from the $2.2 billion loans and the remaining amounts were repaid.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in millions):

	December 31, 2013	December 31, 2012
U.S. hourly and salaried	$ 6,552	$ 13,148
U.S. nonqualified	762	877
Total U.S. pension plans	7,314	14,025
Non-U.S.	12,542	13,760
Total underfunded	$ 19,856	$ 27,785

The decrease in underfunded status of the U.S. pension plans was due primarily to: (1) actuarial gains due primarily to discount rate increases of $7.7 billion; (2) actual return on plan assets of $2.1 billion; and (3) contributions of $0.1 billion; partially offset by (4) service and interest costs of $3.1 billion.

The decrease in underfunded status of the non-U.S. pension plans primarily in Canada, the United Kingdom and Germany was due primarily to: (1) actuarial gains due primarily to discount rate increases of $1.0 billion; (2) actual return on plan assets of $1.0 billion; and (3) contributions and benefit payments of $0.9 billion; partially offset by (4) service and interest costs of $1.4 billion; (5) net unfavorable foreign currency effect of $0.2 billion; and (6) business combinations of $0.1 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to certain U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in millions):

	December 31, 2013	December 31, 2012
U.S. OPEB plans	$ 5,110	$ 6,271
Non-U.S. OPEB plans	1,238	1,528
Total unfunded	$ 6,348	$ 7,799

Refer to Note 15 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2014	$ 5,780	$ 1,609	$ 376	$ 77
2015	$ 5,687	$ 1,597	$ 364	$ 65
2016	$ 5,475	$ 1,688	$ 352	$ 65
2017	$ 5,368	$ 1,711	$ 341	$ 65
2018	$ 5,210	$ 1,581	$ 332	$ 66
2019 - 2023	$ 24,019	$ 7,858	$ 1,576	$ 357

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2013 and 2012.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and third party commercial loans and other obligations. The maximum potential obligation under these commitments was $16.9 billion and $23.5 billion at December 31, 2013 and 2012.

Refer to Note 17 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all

significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2013 (dollars in millions):

	Payments Due by Period				
	2014	2015-2016	2017-2018	2019 and after	Total
Automotive debt	$ 389	$ 26	$ 1,781	$ 4,741	$ 6,937
Automotive Financing debt	13,594	10,672	4,030	750	29,046
Capital lease obligations	154	230	297	284	965
Automotive interest payments (a)	362	635	552	2,944	4,493
Automotive Financing interest payments (b)	766	833	232	141	1,972
Postretirement benefits (c)	259	279	3	—	541
Contractual commitments for capital expenditures	224	—	—	—	224
Operating lease obligations	311	397	173	206	1,087
Other contractual commitments:					
Material	947	991	117	30	2,085
Marketing	1,089	780	267	181	2,317
Rental car repurchases	3,761	—	—	—	3,761
Policy, product warranty and recall campaigns liability	2,628	3,266	1,153	246	7,293
Other	980	522	462	670	2,634
Total contractual commitments (d)(e)	$ 25,464	$ 18,631	$ 9,067	$ 10,193	$ 63,355
Non-contractual postretirement benefits (f)	$ 194	$ 567	$ 801	$ 11,136	$ 12,698

(a) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2013.

(b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2013 for floating rate debt and the contractual rates for fixed rate debt. GM Financial interest payments on floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(c) Amounts include OPEB payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(d) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2013.

(e) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2013 to 2014 related to our Opel/Vauxhall restructuring plan. Refer to Note 17 to our consolidated financial statements for further detail.

(f) Amounts include all expected future payments for both current and expected future service at December 31, 2013 for OPEB obligations for salaried employees and hourly OPEB obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of $2.5 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

We have implemented and completed a balance sheet derisking strategy, comprising certain actions related to our U.S. salaried pension plan. These actions included payment of lump-sums to retirees, the purchase of group annuity contracts from an insurance company and the settlement of other previously guaranteed obligations.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We do not have any required contributions payable to our U.S. qualified plans in 2014. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.7 billion to our non-U.S. pension plans in 2014.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the disclosures relating to these estimates.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return on plan assets and a discount rate. The expected long-term rate of return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In December 2013 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets increased from 5.8% at December 31, 2012 to 6.5% at December 31, 2013 due primarily to higher yields on fixed income securities.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods. The unamortized pre-tax actuarial gain (loss) on our pension plans was $1.4 billion and $(6.2) billion at December 31, 2013 and 2012. The change is due primarily to the increase in discount rates.

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	U.S. Plans		Non-U.S. Plans	
	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO
25 basis point decrease in discount rate	−$ 50	+$ 1,890	+$ 22	+$ 866
25 basis point increase in discount rate	+$ 50	−$ 1,830	−$ 21	−$ 821
25 basis point decrease in expected rate of return on assets	+$ 150	N/A	+$ 36	N/A
25 basis point increase in expected rate of return on assets	−$ 150	N/A	−$ 36	N/A

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S. hourly pension plan at December 31, 2013 (dollars in millions):

	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO
Change in future benefit units		
One percentage point increase in benefit units	+$ 69	+$ 206
One percentage point decrease in benefit units	−$ 66	−$ 200

Refer to Note 15 to our consolidated financial statements for the expected weighted-average long-term rate of return on plan assets, weighted-average discount rate on plan obligations and actual and expected return on plan assets. Refer to Note 2 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

Valuation of Deferred Tax Assets

We evaluate the need for deferred tax asset valuation allowances based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years. Our accounting for deferred tax consequences represents our best estimate of future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations. At December 31, 2013 we retained valuation allowances of $10.8 billion against deferred tax assets primarily in GME and South Korea business units with losses and in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards.

If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and a related increase to income tax expense in the period that includes the enactment date of the tax rate change.

Impairment of Goodwill

When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. Goodwill established at fresh-start was $30.5 billion of which $30.4 billion has been impaired through December 31, 2013.

In the three months ended December 31, 2013 we performed our annual goodwill impairment testing as of October 1 for all reporting units with Goodwill. Our reporting units are GMNA, GME and various reporting units within the GMIO, GMSA and GM Financial segments. In the year ended December 31, 2013 we also performed event-driven goodwill impairment tests at various dates for certain of our reporting units. Based on our testing procedures we recorded Goodwill impairment charges of $0.5 billion in the year ended December 31, 2013 primarily associated with our GM Korea and GM India reporting units. Subsequent to the recording of the Goodwill impairment charges in the year ended December 31, 2013 we had Goodwill of $1.6 billion at December 31, 2013 which resulted primarily from the acquisition of AmeriCredit Corp in 2011.

Refer to Note 10 to our consolidated financial statements for additional information on goodwill impairments.

For purposes of our 2013 annual impairment testing procedures at October 1, 2013 the estimated fair value of GM Financial's North American reporting unit exceeded its carrying amount by 29%. Due to anticipated changes in GM Financial's business model to continue to introduce higher credit quality products into its lending portfolio, the initial equity retention ratio assumption of 12.5% was forecasted to decrease to 7.5% by 2018 in the discounted cash flow analysis utilized for goodwill impairment testing purposes. Having higher credit quality products comprising a larger percentage of GM Financial's lending portfolio will require less equity. GM Korea's fair value continued to be below its carrying amount and GM India's carrying amount became negative.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are: (1) the determination of our nonperformance risk; (2) interest rates; (3) estimates of our employee benefit related obligations; and (4) the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. For the year ended December 31, 2013 GM Korea's goodwill assessment was most sensitive to our determination of estimates of our employee benefit related obligations and GM India's was most sensitive to the estimated timing of the utilization of our deferred tax assets.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the long-lived assets or in certain cases, the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product-specific long-lived assets are tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units within our GMIO, GMSA and GM Financial segments.

In December 2013 we: (1) announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe in 2015 due to the challenging business model and difficult economic situation in Europe; (2) announced plans to cease manufacturing at Holden by the end of 2017; and (3) performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. These triggered long-lived asset impairment analyses so we performed recoverability tests on the long-lived assets associated with these asset groups. Our tests concluded that the associated long-lived assets were not recoverable as the resulting undiscounted cash flows were less than their carrying amounts. We develop anticipated cash flows from historical experience and internal business plans.

We estimated the fair values of the associated long-lived assets to determine the impairment amount. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. A considerable amount of management judgment was required in determining the fair value of the asset groups which requires the use of significant estimates and assumptions, considered to be Level 3 inputs. An in-exchange premise was determined to be the highest and best use of the assets which is different than the assets' current use due to: (1) expected losses to be incurred associated with the exit of Chevrolet from a mainstream presence in Western and Central Europe and the wind down of manufacturing activities at Holden; and (2) the lack of economic support due to declining operations for the existing long-lived assets at GM India. As a result in the three months ended December 31, 2013 we recorded total asset impairment charges of $1.1 billion in GMIO. Refer to Notes 9 and 11 to our consolidated financial statements for additional information on the impairment charges recorded and related fair value measurements.

While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive net sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix, the rate of customer acceptance of any incentive program and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in

dealer inventory eligible for the incentive program is determined and a reduction of Automotive net sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive net sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold. Estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However where little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. Revisions are made when necessary based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 2 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;

- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European and consolidated international operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- GM Financial's ability to successfully integrate certain Ally Financial international operations;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets, particularly Europe;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The overall financial risk management program is under the responsibility of the Risk Management Committee which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee comprises members of our management and functions under the oversight of the Audit Committee, a committee of the Board of Directors. The Audit Committee assists and guides the Board of Directors in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk and interest rate risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of the operations. At December 31, 2013 our most significant foreign currency exposures were the Euro/British Pound, U.S. Dollar/Korean Won, Euro/Korean Won and Euro/U.S. Dollar. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2013 such contracts had remaining maturities of up to 23 months.

At December 31, 2013 and 2012 the net fair value liability of financial instruments with exposure to foreign currency risk was $1.0 billion and $4.0 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $195 million and $671 million at December 31, 2013 and 2012.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2013	2012
Foreign currency translation losses recorded in Accumulated other comprehensive loss	$ 729	$ 118
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	$ 352	$ 117

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities. At December 31, 2013 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations. At December 31, 2013 and 2012 the fair value liability of debt and capital leases was $6.8 billion and $5.3 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $251 million and $112 million at December 31, 2013 and 2012.

09-50026-reg Doc 13377-18 Filed 08/14/15 Entered 08/14/15 19:22:50 Exhibit 18
Pg 53 of 131

At December 31, 2013 and 2012 we had marketable securities of $7.2 billion and $3.8 billion classified as available-for sale and $1.7 billion and $5.2 billion classified as trading. The potential decrease in fair value from a 50 basis point increase in interest rates would be insignificant at December 31, 2013 and 2012.

Automotive Financing — GM Financial

Fluctuations in market interest rates can affect GM Financial's secured and unsecured debt. GM Financial's gross interest rate spread, which is the difference between: (1) interest earned on finance receivables, other income and lease contracts; and (2) interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables and leased vehicles.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

Securitizations

In GM Financial's securitization transactions it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $3.8 billion and $0.8 billion at December 31, 2013 and 2012. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $5.5 billion and $0.8 billion at December 31, 2013 and 2012. The fair value of these derivative financial instruments was insignificant.

Foreign Currency Exchange Rate Risk

GM Financial is exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations, primarily those acquired from Ally Financial at various dates in 2013, into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect GM Financial's financial condition.

In connection with the closing of certain acquisitions of Ally Financial's international operations, GM Financial provided loans denominated in foreign currencies (Euro, British Pound and Swedish Krona) to acquired entities that had an equivalent balance of $1.7 billion at December 31, 2013. GM Financial purchased foreign exchange swaps to offset any valuation change in the loans due to changes in foreign exchange rates. The fair value of these foreign exchange swaps was insignificant.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2013 (dollars in millions):

	Years Ending December 31,						December 31, 2013
	2014	2015	2016	2017	2018	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$ 9,576	$ 6,642	$ 4,162	$ 2,050	$ 820	$ 290	$ 22,652
Weighted-average annul percentage rate	10.76%	10.97%	11.17%	11.73%	12.28%	12.80%	
Commercial finance receivables							
Principal amounts	$ 5,731	$ 22	$ 25	$ 94	$ 117	$ 6	$ 6,016
Weighted-average annual percentage rate	6.82%	4.73%	4.59%	4.50%	7.40%	5.69%	
Liabilities							
Credit facilities							
Principal amounts	$ 6,297	$ 1,699	$ 796	$ 224	$ 19	$ —	$ 8,995
Weighted-average interest rate	4.95%	6.39%	6.39%	8.17%	8.34%	—%	
Securitization notes							
Principal amounts	$ 5,218	$ 4,084	$ 2,321	$ 1,114	$ 348	$ —	$ 13,175
Weighted-average interest rate	1.91%	2.12%	2.40%	2.71%	2.88%	—%	
Senior notes							
Principal amounts	$ —	$ —	$ 1,000	$ 1,000	$ 1,250	$ 750	$ 4,106
Weighted-average interest rate	—%	—%	2.75%	4.75%	4.65%	4.25%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2012 (dollars in millions):

	Years Ended and Ending December 31,						December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$ 4,108	$ 2,860	$ 1,895	$ 1,209	$ 673	$ 315	$ 10,759
Weighted-average annual percentage rate	14.54%	14.39%	14.25%	14.10%	13.95%	13.84%	
Commercial finance receivables							
Principal amounts	$ 507	$ 6	$ 3	$ 3	$ 35	$ 6	$ 554
Weighted-average annual percentage rate	3.78%	3.80%	3.76%	3.78%	3.47%	4.53%	
Liabilities							
Credit facilities							
Principal amounts	$ 354	$ —	$ —	$ —	$ —	$ —	$ 354
Weighted-average interest rate	0.64%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$ 3,406	$ 2,324	$ 1,772	$ 1,073	$ 438	$ —	$ 9,171
Weighted-average interest rate	2.33%	2.70%	3.03%	3.05%	2.99%	—%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 1,000	$ 500	$ 1,620
Weighted-average interest rate	—%	—%	—%	—%	4.75%	6.75%	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 6, 2014 expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's adoption of a revised accounting standard related to comprehensive income.

Deloitte & Touche LLP
Detroit, Michigan
February 6, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted amendments in Accounting Standards Update (ASU) 2013-02 to Accounting Standards Codification (ASC) Topic 220, *Comprehensive Income*, effective January 1, 2013.

As discussed in Note 10 to the consolidated financial statements, the Company adopted amendments in ASU 2010-28 to ASC Topic 350, *Intangibles — Goodwill and Other*, effective January 1, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 6, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Deloitte & Touche LLP
Detroit, Michigan
February 6, 2014

Financial Statements and Supplementary Data

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
(In millions, except per share amounts)

	Years Ended December 31,		
	2013	2012	2011
Net sales and revenue			
Automotive	$ 152,092	$ 150,295	$ 148,866
GM Financial	3,335	1,961	1,410
Total	155,427	152,256	150,276
Costs and expenses			
Automotive cost of sales	134,925	140,236	130,386
GM Financial operating and other expenses	2,448	1,207	785
Automotive selling, general and administrative expense	12,382	14,031	12,163
Goodwill impairment charges (Note 10)	541	27,145	1,286
Total costs and expenses	150,296	182,619	144,620
Operating income (loss)	5,131	(30,363)	5,656
Automotive interest expense	334	489	540
Interest income and other non-operating income, net (Note 20)	1,063	845	851
Gain (loss) on extinguishment of debt (Note 14)	(212)	(250)	18
Equity income and gain on investments (Note 8)	1,810	1,562	3,192
Income (loss) before income taxes	7,458	(28,695)	9,177
Income tax expense (benefit) (Note 18)	2,127	(34,831)	(110)
Net income	5,331	6,136	9,287
Net (income) loss attributable to noncontrolling interests	15	52	(97)
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Net income attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585
Earnings per share (Note 22)			
Basic			
Basic earnings per common share	$ 2.71	$ 3.10	$ 4.94
Weighted-average common shares outstanding	1,393	1,566	1,536
Diluted			
Diluted earnings per common share	$ 2.38	$ 2.92	$ 4.58
Weighted-average common shares outstanding	1,676	1,675	1,668

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income	$ 5,331	$ 6,136	$ 9,287
Other comprehensive income (loss), net of tax (Note 21)			
Foreign currency translation adjustments	(733)	(103)	(183)
Cash flow hedging gains (losses), net	—	(2)	25
Unrealized gains (losses) on securities, net	(39)	45	1
Defined benefit plans, net	5,693	(2,120)	(6,958)
Other comprehensive income (loss), net of tax	4,921	(2,180)	(7,115)
Comprehensive income	10,252	3,956	2,172
Comprehensive (income) loss attributable to noncontrolling interests	33	41	(87)
Comprehensive income attributable to stockholders	$ 10,285	$ 3,997	$ 2,085

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 20,021	$ 18,422
Marketable securities (Note 5)	8,972	8,988
Restricted cash and marketable securities (Note 5)	1,247	686
Accounts and notes receivable (net of allowance of $344 and $311; Note 2)	8,535	10,395
GM Financial receivables, net (Note 4)(including SPE receivables of $10,001 and $3,444; Note 12)	14,278	4,044
Inventories (Note 6)	14,039	14,714
Equipment on operating leases, net (Note 7)	2,398	1,782
Deferred income taxes (Note 18)	10,349	9,429
Other current assets	1,662	1,536
Total current assets	81,501	69,996
Non-current Assets		
Restricted cash and marketable securities (Note 5)	829	682
GM Financial receivables, net (Note 4)(including SPE receivables of $11,216 and $6,458; Note 12)	14,354	6,954
Equity in net assets of nonconsolidated affiliates (Note 8)	8,094	6,883
Property, net (Note 9)	25,867	24,196
Goodwill (Note 10)	1,560	1,973
Intangible assets, net (Note 11)	5,668	6,809
GM Financial equipment on operating leases, net (Note 7)(including SPE assets of $1,803 and $540; Note 12)	3,383	1,649
Deferred income taxes (Note 18)	22,736	27,922
Other assets	2,352	2,358
Total non-current assets	84,843	79,426
Total Assets	$ 166,344	$ 149,422
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$ 23,621	$ 25,166
Short-term debt and current portion of long-term debt (Note 14)		
Automotive (including certain debt at VIEs of $219 and $228; Note 12)	564	1,748
GM Financial (including certain debt at VIEs of $10,088 and $3,770; Note 12)	13,594	3,770
Accrued liabilities (Note 13)	24,633	23,308
Total current liabilities	62,412	53,992
Non-current Liabilities		
Long-term debt (Note 14)		
Automotive (including certain debt at VIEs of $23 and $122; Note 12)	6,573	3,424
GM Financial (including certain debt at VIEs of $9,330 and $5,608; Note 12)	15,452	7,108
Postretirement benefits other than pensions (Note 15)	5,897	7,309
Pensions (Note 15)	19,483	27,420
Other liabilities and deferred income taxes (Note 13)	13,353	13,169
Total non-current liabilities	60,758	58,430
Total Liabilities	123,170	112,422
Commitments and contingencies (Note 17)		
Equity (Note 21)		
Preferred stock, $0.01 par value		
Series A	3,109	5,536
Series B	—	4,855
Common stock, $0.01 par value	15	14
Additional paid-in capital	28,780	23,834
Retained earnings	13,816	10,057
Accumulated other comprehensive loss	(3,113)	(8,052)
Total stockholders' equity	42,607	36,244
Noncontrolling interests	567	756
Total Equity	43,174	37,000
Total Liabilities and Equity	$ 166,344	$ 149,422

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2013	2012	2011
Cash flows from operating activities			
Net income	$ 5,331	$ 6,136	$ 9,287
Depreciation, impairment charges and amortization expense	8,041	38,762	7,427
Foreign currency remeasurement and transaction losses	350	117	55
Amortization of discount and issuance costs on debt issues	114	188	160
Undistributed earnings of nonconsolidated affiliates and gain on investments	(92)	(179)	(1,947)
Pension contributions and OPEB payments	(1,458)	(3,759)	(2,269)
Pension and OPEB (income) expense, net	638	3,232	(755)
(Gains) losses on extinguishment of debt	212	250	(18)
Provision (benefit) for deferred taxes	1,561	(35,561)	(318)
Change in other operating assets and liabilities (Note 26)	(1,326)	630	(4,122)
Other operating activities	(741)	789	666
Net cash provided by operating activities	12,630	10,605	8,166
Cash flows from investing activities			
Expenditures for property	(7,565)	(8,068)	(6,249)
Available-for-sale marketable securities, acquisitions	(6,754)	(4,650)	(20,535)
Trading marketable securities, acquisitions	(3,214)	(6,234)	(6,571)
Available-for-sale marketable securities, liquidations	3,566	10,519	15,825
Trading marketable securities, liquidations	6,538	7,267	660
Acquisition of companies, net of cash acquired	(2,623)	(44)	(53)
Proceeds from sale of business units/investments, net of cash disposed	896	18	4,821
Increase in restricted cash and marketable securities	(984)	(661)	(728)
Decrease in restricted cash and marketable securities	1,107	1,526	2,067
Purchases and funding of finance receivables	(30,727)	(6,789)	(5,012)
Principal collections and recoveries on finance receivables	27,444	4,674	3,719
Purchases of leased vehicles, net	(2,254)	(1,050)	(837)
Proceeds from termination of leased vehicles	217	59	47
Other investing activities	(9)	(72)	106
Net cash used in investing activities	(14,362)	(3,505)	(12,740)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	156	(247)	131
Proceeds from issuance of debt (original maturities greater than three months)	28,041	9,036	9,034
Payments on debt (original maturities greater than three months)	(20,191)	(7,377)	(8,468)
Payments to purchase stock	(2,438)	(5,098)	—
Dividends paid (including charge related to purchase of Series A Preferred Stock)	(1,687)	(939)	(916)
Other financing activities	(150)	(116)	(139)
Net cash provided by (used in) financing activities	3,731	(4,741)	(358)
Effect of exchange rate changes on cash and cash equivalents	(400)	(8)	(253)
Net increase (decrease) in cash and cash equivalents	1,599	2,351	(5,185)
Cash and cash equivalents at beginning of period	18,422	16,071	21,256
Cash and cash equivalents at end of period	$ 20,021	$ 18,422	$ 16,071
Significant Non-cash Activity			
Investing Cash Flows			
Non-cash property additions	$ 3,224	$ 3,879	$ 3,689
Financing Cash Flows			
Contribution of common stock to U.S. hourly and salaried pension plans (Note 15)			$ 1,864
Notes issued to settle CAW hourly retiree healthcare plan (Note 15)			$ 1,122
Mandatory conversion of Series B Preferred Stock into common stock (Note 21)	$ 4,854		

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

			Common Stockholders'					
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance December 31, 2010	$ 5,536	$ 4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979	$ 37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Note 10)	—	—	—	—	(1,466)	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	9,287
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)	(100)
Exercise of common stock warrants	—	—	—	11	—	—	—	11
Stock based compensation	—	—	—	219	—	—	—	219
Pension plan stock contribution (Note 15)	—	—	1	1,863	—	—	—	1,864
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)	(54)
Other	—	—	—	—	52	—	(7)	45
Balance December 31, 2011	5,536	4,855	16	26,391	7,183	(5,861)	871	38,991
Net income	—	—	—	—	6,188	—	(52)	6,136
Other comprehensive income (loss)	—	—	—	—	—	(2,191)	11	(2,180)
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)
Exercise of common stock warrants	—	—	—	5	—	—	—	5
Stock based compensation	—	—	—	89	—	—	—	89
Conversion of Series B Preferred Stock to common stock	—	—	—	1	—	—	—	1
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other	—	—	—	—	—	—	6	6
Balance December 31, 2012	5,536	4,855	14	23,834	10,057	(8,052)	756	37,000
Net income	—	—	—	—	5,346	—	(15)	5,331
Other comprehensive income (loss)	—	—	—	—	—	4,939	(18)	4,921
Purchase and cancellation of Series A Preferred Stock	(2,427)	—	—	—	—	—	—	(2,427)
Exercise of common stock warrants	—	—	—	3	—	—	—	3
Stock based compensation	—	—	—	75	—	—	—	75
Conversion of Series B Preferred Stock to common stock	—	(4,855)	1	4,854	—	—	—	—
Cash dividends paid on Series A Preferred Stock, charge related to purchase of Series A Preferred Stock and dividends on Series B Preferred Stock	—	—	—	—	(1,587)	—	—	(1,587)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(82)	(82)
Other	—	—	—	14	—	—	(74)	(60)
Balance December 31, 2013	$ 3,109	$ —	$ 15	$ 28,780	$ 13,816	$ (3,113)	$ 567	$ 43,174

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Basis of Presentation

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM." General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM" as it is the predecessor entity solely for accounting and financial reporting purposes. Old GM was renamed Motors Liquidation Company (MLC), which was dissolved on December 15, 2011 and transferred its remaining assets and liabilities to the Motors Liquidation Company GUC Trust (GUC Trust).

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest and our consolidated variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation.

Certain prior year amounts were reclassified to conform to our current year presentation.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Note 2. Significant Accounting Policies

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive net sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers. For the majority of our automotive sales this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive net sales and revenue at the time of vehicle sales. All other incentives, allowances and rebates related to vehicles previously sold are recorded as reductions to Automotive net sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method for consumer financing receivables and accrual method for commercial financing receivables. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is generally suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual generally resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising and Promotion Expenditures

Advertising and promotion expenditures, which are expensed as incurred, were $5.5 billion, $5.4 billion and $5.2 billion in the years ended December 31, 2013, 2012 and 2011.

Research and Development Expenditures

Research and development expenditures, which are expensed as incurred, were $7.2 billion, $7.4 billion and $8.1 billion in the years ended December, 31 2013, 2012 and 2011.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Allowance for Doubtful Accounts

The following table summarizes activity in our allowance for doubtful accounts and notes receivable (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Balance at beginning of period	$ 311	$ 331	$ 252
Amounts charged (credited) to costs and expenses	61	(10)	159
Deductions	(24)	(46)	(83)
Other	(4)	36	3
Balance at end of period	$ 344	$ 311	$ 331

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;

- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and

- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded net of related income taxes in Accumulated other comprehensive loss until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available and an income approach in other cases. Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt and corporate debt securities are classified in Level 2. Our pricing service utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than-temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

As the result of our October 2010 acquisition of GM Financial and GM Financial's acquisition of the Ally Financial, Inc. (Ally Financial) international operations, finance receivables are reported in two portfolios: pre-acquisition and post-acquisition portfolios. The pre-acquisition finance receivables portfolio consists of finance receivables that were considered to have had deterioration in credit quality at the time they were acquired with the acquisition of GM Financial or the acquisition of the Ally Financial international operations. The pre-acquisition portfolio will decrease over time with the amortization of the acquired receivables. The post-acquisition finance receivables portfolio consists of finance receivables that were considered to have had no deterioration in credit quality at the time they were acquired with the acquisition of the Ally Financial international operations and finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations. The post-acquisition portfolio is expected to grow over time as GM Financial originates new receivables.

Pre-Acquisition Consumer Finance Receivables

At the time of acquisitions the receivables were recorded at fair value. The pre-acquisition finance receivables were acquired at a discount, which contains two components: a non-accretable difference and an accretable yield. The accretable yield is recorded as finance charge income over the life of the acquired receivables.

Any deterioration in the performance of the pre-acquisition finance receivables from their expected performance will result in an incremental provision for loan losses. Improvements in the performance of the pre-acquisition finance receivables will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses

Post-acquisition finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations are carried at amortized cost, net of allowance for loan losses.

The component of the allowance for consumer finance receivables that are collectively evaluated for impairment is based on a statistical calculation supplemented by management judgment. GM Financial uses a combination of forecasting models to determine the allowance for loan losses. Factors that are considered when estimating the allowance include loss confirmation period, historical delinquency migration to loss, probability of default and loss given default. The loss confirmation period is a key assumption within the models, which represents the average amount of time between when a loss event first occurs to when the receivable is charged-off.

Consumer finance receivables that become classified as troubled debt restructurings (TDRs) are separately assessed for impairment. A specific allowance is estimated based on the present value of the expected future cash flows of the receivable discounted at the loan's original effective interest rate.

The finance receivables acquired with Ally Financial international operations that were considered to have no deterioration in credit quality at the time of acquisition were recorded at fair value. The purchase discount will accrete to income over the life of the receivables, based on contractual cash flows, using the effective interest method. Provisions for loan losses are charged to operations in amounts equal to net credit losses for the period. Any subsequent deterioration in the performance of the acquired receivables will result in an incremental provision for loan losses.

Inventory

Inventories are stated at the lower of cost or market. Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current and expected incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Leased vehicles are depreciated on a straight-line basis to an estimated residual value over the term of the lease agreements.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average eight months or less. We are exposed to changes in the residual values of those assets. For impairment purposes the residual values represent estimates of the values of the vehicles leased at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicles leased. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income and gain on investments. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and

equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales, Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. We amortize all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Impairment charges related to special tools are recorded in Automotive cost of sales.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently if events occur or circumstances change that would warrant such a review. When the fair value of a reporting unit falls below its carrying amount an impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA and GME and various reporting units within the GMIO, GMSA and GM Financial segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GMIO, GMSA and GM Financial are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss

is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level and consider their geographical location. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units within our GMIO, GMSA and GM Financial segments. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan's termination date for a plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2013. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, the United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV). Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Common and Preferred Stock

Common and preferred stock for which market prices are readily available at the measurement date are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors.

Fixed Income Securities

Fixed income securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Fixed income securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions, discount rates, prepayment curves, default assumptions and recovery rates.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Direct investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified in Level 3.

Fair value estimates for private investment funds, private equity, private debt and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether and when deemed necessary to make an adjustment at the balance sheet date. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investments or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through

independent pricing services with observable inputs are generally classified in Level 2. Swaps that are cleared by clearinghouses or exchanges are valued with the prices provided by those venues and are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities, yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Job Security Programs and Extended Disability Benefits

We have job security programs to provide International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW) employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. We also provide extended disability benefits for employees currently disabled and those in the active workforce who may become disabled in the form of income replacement, healthcare costs and life insurance premiums.

We recognize a liability for job security programs and extended disability benefits over the expected service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations based on our best estimate of the probable liability at the measurement date. We record actuarial gains and losses immediately in earnings.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant, or for restricted stock units (RSUs) granted prior to our public offering, the fair value of our common stock as of the date of the public offering. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. Salary stock awards granted are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant. The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims. The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax

assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries that use the local currency as their functional currency are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive loss. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement losses were $350 million, $117 million and $55 million in the years ended December 31, 2013, 2012 and 2011.

Recently Adopted Accounting Principles

On January 1, 2013 we adopted Accounting Standards Update (ASU) 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” This ASU does not change current requirements for reporting net income or other comprehensive income (OCI) in financial statements; rather, it requires certain disclosures of the amount of reclassifications of items from OCI to net income by component. The related disclosures are presented in Note 21.

Accounting Standards Not Yet Adopted

In July 2013 the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” to eliminate diversity in practice. This ASU requires that companies net their unrecognized tax benefits against all same-jurisdiction net operating losses or tax credit carryforwards that would be used to settle the position with a tax authority. This new guidance is effective prospectively for annual reporting periods beginning on or after December 15, 2013 and interim periods therein. The adoption of this ASU will not have a material effect on our consolidated financial statements because it aligns with our current presentation.

Note 3. Acquisition of Businesses

Acquisition of Certain Ally Financial International Operations

In November 2012 GM Financial entered into a definitive agreement with Ally Financial to acquire 100% of the outstanding equity interests in the top level holding companies of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC), which conducts automotive finance and other financial services in China.

On April 1, 2013 GM Financial completed the acquisition of Ally Financial's European and Latin American automotive finance operations except for France, Portugal and Brazil; on June 1, 2013 it completed the acquisition of Ally Financial's automotive finance operations in France and Portugal; and on October 1, 2013 it completed the acquisition of Ally Financial's automotive finance operations in Brazil. The aggregate consideration for these acquisitions was $3.3 billion, subject to certain closing adjustments. Acquisition-related costs were insignificant. In addition GM Financial repaid loans of $1.4 billion that were assumed as part of the acquisitions. GM Financial recorded the fair value of the assets acquired and liabilities assumed on the acquisition dates. Certain amounts previously presented related to the acquisitions have been, and will continue to be, updated as a result of closing adjustments.

GM Financial's acquisition of Ally Financial's equity interest in GMAC-SAIC is subject to certain regulatory and other approvals and is expected to close in 2014. GM Financial expects to pay approximately $900 million to close this acquisition subject to certain closing adjustments.

The following table summarizes the aggregate consideration and the assets acquired and liabilities assumed at the acquisition dates before eliminations for net intercompany receivables of approximately $300 million (dollars in millions):

Cash	$ 607
Restricted cash	906
Finance receivables	15,144
Other assets, including identifiable intangible assets	769
Secured and unsecured debt	(12,833)
Other liabilities	(1,483)
Identifiable net assets acquired	3,110
Goodwill resulting from the acquisitions	144
Aggregate consideration	$ 3,254

The fair value of finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. The contractually required payments receivable, cash flows expected to be collected and fair value for finance receivables acquired with deteriorated credit quality at the acquisition date were $799 million, $728 million and $601 million. The contractually required payments receivable, cash flows not expected to be collected and fair value for other acquired finance receivables were $15.6 billion, $303 million and $14.5 billion. The fair value of secured and unsecured debt was determined using quoted market prices when available and a discounted cash flow approach when not available.

We recorded goodwill in the amount of $144 million for the excess of the aggregate consideration over the fair value of the individual assets acquired and liabilities assumed and such amount is primarily attributed to the value of the incremental GM Financial business expected. The recorded goodwill is subject to further adjustment resulting from the finalization of closing balance sheet audits. Valuations and assumptions pertaining to income taxes are subject to change as additional information is obtained during the measurement period. All of the goodwill was assigned to the GM Financial segment and will be assigned to reporting units, which will be determined pending completion of the remaining acquisitions. The goodwill is not tax deductible.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The results of the acquired European and Latin American automotive finance operations are included in GM Financial's results beginning on the dates GM Financial completed each acquisition. The following table summarizes the actual amounts of revenue and earnings included in our consolidated financial statements as well as certain pro forma revenue and earnings of the combined entity had these acquisitions occurred as of January 1, 2012, without consideration of historical transactions between the acquired operations and us, as it is impracticable to obtain such information (dollars in millions):

	Acquired Operations' Amounts Included in Results For Year Ended December 31, 2013	Pro Forma-Combined for Years Ended	
		December 31, 2013	December 31, 2012
Total net sales and revenue	$ 968	$ 156,284	$ 154,161
Net income attributable to stockholders	$ 109	$ 5,492	$ 6,412

Acquisition of SAIC GM Investment Limited

In September 2012 we obtained control of SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively GM India) with an 86% interest and consolidated GM India and recorded goodwill of $61 million. We also recognized a gain of $51 million which was recorded in Equity income and gain on investments. In addition we invested $125 million in GM India, which increased our interest in GM India to 90.8%. Refer to Note 8 for additional details on our investment in GM India prior to acquisition.

Note 4. GM Financial Receivables, net

In the year ended December 31, 2013 GM Financial acquired certain international operations in Europe and Latin America from Ally Financial that conduct consumer and commercial lending activities. All of the loans acquired were made on a secured basis.

The following table summarizes the components of consumer and commercial finance receivables, net (dollars in millions):

	December 31, 2013			December 31, 2012		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Pre-acquisition finance receivables, outstanding amount	$ 1,294	$ —	$ 1,294	$ 2,162	$ —	$ 2,162
Pre-acquisition finance receivables, carrying amount	$ 1,174	$ —	$ 1,174	$ 1,958	$ —	$ 1,958
Post-acquisition finance receivables, net of fees	21,956	6,050	28,006	8,831	560	9,391
Finance receivables	23,130	6,050	29,180	10,789	560	11,349
Less: allowance for loan losses	(497)	(51)	(548)	(345)	(6)	(351)
GM Financial receivables, net	$ 22,633	$ 5,999	$ 28,632	$ 10,444	$ 554	$ 10,998
Fair value of GM Financial receivables, net			$ 28,668			$ 11,313

Of the total allowance for loan losses in the above table, $427 million and $266 million were current at December 31, 2013 and 2012.

GM Financial determined the fair value of consumer finance receivables using observable and unobservable inputs within a cash flow model. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows is calculated and discounted using a weighted-average cost of capital (WACC) using unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could negatively affect the credit performance of the portfolio and therefore could potentially affect the

assumptions used in GM Financial's cash flow model. Substantially all commercial finance receivables either have variable interest rates and maturities of one year or less, or were acquired or originated within the past year. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

GM Financial reviews its pre-acquisition finance receivables portfolios for differences between contractual cash flows and the cash flows expected to be collected to determine if the difference is attributable, at least in part, to credit quality. In the years ended December 31, 2013 and 2012 as a result of improvements in credit performance of the pre-acquisition finance receivables, GM Financial transferred the amount of excess cash flows from the non-accretable difference to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes the activity for accretable yield (dollars in millions):

	Years Ended December 31,	
	2013	2012
Balance at beginning of period	$ 404	$ 737
Ally Financial international operations acquisition	127	
Accretion of accretable yield	(342)	(503)
Transfer from non-accretable difference	74	170
Effect of foreign currency	(8)	—
Balance at end of period	$ 255	$ 404

The following table summarizes activity for the allowance for loan losses on consumer and commercial finance receivables (dollars in millions):

	Years Ended December 31, (a)		
	2013	2012	2011
Balance at beginning of period	$ 351	$ 179	$ 26
Provision for loan losses	475	304	178
Charge-offs	(643)	(304)	(66)
Recoveries	362	172	41
Effect of foreign currency	3	—	—
Balance at end of period	$ 548	$ 351	$ 179

(a) The balances and activity of the allowance for commercial loan losses included in the amounts at and for the years ended December 31, 2013 and 2012 were insignificant.

Credit Quality

Consumer Finance Receivables

GM Financial uses proprietary scoring systems that measure the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO score) and contract characteristics. In addition to GM Financial's proprietary scoring systems GM Financial considers other individual consumer factors such as employment history, financial stability and capacity to pay. Subsequent to origination GM Financial reviews the credit quality of retail receivables based on customer payment activity. At the time of loan origination substantially all of GM Financial's international consumers have prime credit scores. In North America sub-prime is typically defined as a loan with a borrower that has a FICO score of less than 620. At December 31, 2013 and 2012 88% and 84% of the consumer finance receivables in North America were consumers with FICO scores less than 620.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. At December 31, 2013 and 2012 the accrual of finance charge income has been suspended on delinquent consumer finance receivables based on contractual amounts due of $642 million and $503 million.

GM Financial purchases consumer finance contracts from automobile dealers without recourse and, accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

The following table summarizes the contractual amount of delinquent contracts, which is not materially different from the recorded investment of the consumer finance receivables (dollars in millions):

	December 31, 2013		December 31, 2012	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$ 952	4.1%	$ 672	6.1%
Greater-than-60 days	408	1.7%	230	2.1%
Total finance receivables more than 30 days delinquent	1,360	5.8%	902	8.2%
In repossession	41	0.2%	31	0.3%
Total finance receivables more than 30 days delinquent or in repossession	$ 1,401	6.0%	$ 933	8.5%

Impaired Finance Receivables — Troubled Debt Restructurings

The following table summarizes the outstanding recorded investment for consumer finance receivables that are considered to be TDRs and the related allowance (dollars in millions):

	December 31, 2013	December 31, 2012
Outstanding recorded investment	$ 767	$ 228
Less: allowance for loan losses	(103)	(32)
Outstanding recorded investment, net of allowance	$ 664	$ 196
Unpaid principal balance	$ 779	$ 232

Commercial Finance Receivables

GM Financial's commercial finance receivables consist of dealer financings. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually and, if necessary, the dealer's risk rating is adjusted on the basis of the review. At December 31, 2013 and 2012 the commercial finance receivables or loans on non-accrual status were insignificant.

The following table summarizes the credit risk profile by dealer grouping of the commercial finance receivables (dollars in millions):

	December 31, 2013	December 31, 2012
Group I — Dealers with strong to superior financial metrics	$ 549	$ 99
Group II — Dealers with fair to favorable financial metrics	1,460	278
Group III — Dealers with marginal to weak financial metrics	1,982	171
Group IV — Dealers with poor financial metrics	1,462	12
Group V — Dealers warranting special mention due to potential weaknesses	385	
Group VI — Dealers with loans classified as substandard, doubtful or impaired	212	
	$ 6,050	$ 560

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The credit lines for Group VI dealers are suspended and no further funding is extended to these dealers.

Note 5. Marketable Securities

The following table summarizes information regarding marketable securities (dollars in millions):

	Fair Value Level	December 31, 2013		December 31, 2012	
		Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents					
Available-for-sale securities					
U.S. government and agencies	2	$ 1,437	$ 1,437	$ 4,190	$ 4,190
Sovereign debt	2	515	515	—	—
Money market funds	1	1,262	1,262	1,799	1,799
Corporate debt	2	7,598	7,598	3,222	3,222
Total available-for-sale securities		$ 10,812	10,812	$ 9,211	9,211
Trading securities					
Sovereign debt	2		—		1,408
Corporate debt	2		25		—
Total trading securities			25		1,408
Total marketable securities classified as cash equivalents			10,837		10,619
Cash, cash equivalents and time deposits			9,184		7,803
Total cash and cash equivalents			$ 20,021		$ 18,422
Marketable securities — current					
Available-for-sale securities					
U.S. government and agencies	2	$ 5,343	$ 5,344	$ 1,231	$ 1,231
Corporate debt	2	1,867	1,869	2,465	2,505
Equity and sovereign debt	1 & 2	22	22	30	51
Total available-for-sale securities		$ 7,232	7,235	$ 3,726	3,787
Trading securities — Sovereign debt	2		1,737		5,201
Total marketable securities — current			8,972		8,988
Marketable securities — non-current					
Available-for-sale securities — Investment in Peugeot S.A.	1	$ —	—	$ 179	179
Total marketable securities			$ 8,972		$ 9,167
Restricted cash and marketable securities					
Available-for-sale securities					
Money market funds	1	$ 897	$ 897	$ 933	$ 933
Other	2	34	35	198	199
Total marketable securities classified as restricted cash and marketable securities		$ 931	932	$ 1,131	1,132
Restricted cash and cash equivalents and time deposits			1,144		236
Total restricted cash and marketable securities			$ 2,076		$ 1,368

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements and include amounts related to various deposits, escrows and other cash collateral.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were $4.7 billion, $4.7 billion and $1.6 billion in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale by contractual maturity at December 31, 2013 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 14,879	$ 14,881
Due after one year through five years	1,937	1,939
Total contractual maturities of available-for-sale securities	$ 16,816	$ 16,820

Cumulative unrealized gains and losses on available-for-sale securities and net unrealized gains (losses) on trading securities were insignificant at and in the years ended December 31, 2013, 2012 and 2011.

Peugeot S.A.

In December 2013 we sold our seven percent investment in Peugeot S. A. (PSA) common stock for $339 million, net of disposal costs and we recorded a net gain of $152 million in Interest income and other non-operating income, net.

At December 31, 2012 we measured the fair value of our investment in PSA common stock using the published stock price and determined the carrying amount of our investment in PSA common stock exceeded its fair value. PSA's stock price had shown no sustained signs of recovery towards the price at which we acquired it in March 2012. Based upon the 55% decline in PSA common stock price since our acquisition and the nine month duration of the impairment, combined with our fourth quarter reassessment of our European automotive operations, we concluded that the impairment of our investment in PSA common stock was other-than-temporary. As a result we transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in an impairment charge of $220 million.

Note 6. Inventories

The following table summarizes the components of Inventories (dollars in millions):

	December 31, 2013	December 31, 2012
Productive material, supplies and work in process	$ 5,872	$ 6,560
Finished product, including service parts	8,167	8,154
Total inventories	$ 14,039	$ 14,714

Note 7. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is composed of vehicle sales to daily rental car companies. The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2013	December 31, 2012
Equipment on operating leases	$ 2,605	$ 1,946
Less: accumulated depreciation	(207)	(164)
Equipment on operating leases, net	$ 2,398	$ 1,782

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Depreciation expense	$ 218	$ 227	$ 431
Impairment charges	$ 168	$ 181	$ 151

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third-party with servicing retained. The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2013	December 31, 2012
GM Financial equipment on operating leases	$ 4,025	$ 1,910
Less: accumulated depreciation	(642)	(261)
GM Financial equipment on operating leases, net	$ 3,383	$ 1,649

Depreciation expense related to GM Financial equipment on operating leases, net was $450 million, $205 million and $70 million in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2014	2015	2016	2017	2018
Minimum rental receipts under operating leases	$ 628	$ 512	$ 266	$ 43	$ 4

Note 8. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding Equity income and gain on investments (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
China joint ventures (China JVs)	$ 1,763	$ 1,521	$ 1,511
New Delphi (including gain on disposition)	—	—	1,727
Others (including gain on acquisition of GM India)	47	41	(46)
Total equity income and gain on investments	$ 1,810	$ 1,562	$ 3,192

Sales and income of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income and gain on investments.

We received dividends from nonconsolidated affiliates of $1.7 billion, $1.4 billion and $1.2 billion in the years ended December 31, 2013, 2012 and 2011. At December 31, 2013 and 2012 we had undistributed earnings including dividends declared but not received, of $1.8 billion and $1.7 billion related to our nonconsolidated affiliates.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment in China JVs

The following table summarizes our direct ownership interests in China JVs:

	December 31, 2013	December 31, 2012
Shanghai General Motors Co., Ltd. (SGM)	50%	50%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd.	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd.	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	49%

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (50%) and us (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%). SGM also has a 20% equity interest in GMAC-SAIC, a joint venture established by General Motors Acceptance Corporation (now Ally Financial) (40%) and SAIC Finance Co., Ltd. (40%).

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported Buick, Chevrolet and Cadillac brands and the sales of automobiles manufactured by SGM.

In September 2012 we repurchased a 1% interest in SGM for a total consideration of $119 million, increasing our ownership interest in SGM to 50%. The transaction was accounted for by applying the equity method of accounting. The consideration exceeded our proportionate share of the 1% interest in SGM net assets by $82 million, which consists of plant, property and equipment, intangible assets and goodwill of $8 million, $36 million and $38 million.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in Delphi Automotive LLP (New Delphi) to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income and gain on investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Investment in GM India

In March 2011 the fair value of our investment in GM India was determined to be less than its carrying amount. The loss in value was determined to be other-than-temporary; therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in GM India. Refer to Note 3 for detail regarding the acquisition of GM India.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	December 31, 2013	December 31, 2012
China JVs	$ 7,851	$ 6,579
Other investments	243	304
Total equity in net assets of nonconsolidated affiliates	$ 8,094	$ 6,883

At December 31, 2013 and 2012 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates, of which $3.4 billion at December 31, 2013 and 2012 were allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following tables present summarized financial data for all of our nonconsolidated affiliates (dollars in millions):

	December 31, 2013			December 31, 2012		
	China JVs	Others	Total	China JVs	Others	Total
Summarized Balance Sheet Data						
Current assets	$ 14,666	$ 2,234	$ 16,900	$ 11,759	$ 2,642	$ 14,401
Non-current assets	8,187	1,458	9,645	6,766	1,507	8,273
Total assets	$ 22,853	$ 3,692	$ 26,545	$ 18,525	$ 4,149	$ 22,674
Current liabilities	$ 14,019	$ 1,859	$ 15,878	$ 12,612	$ 1,893	$ 14,505
Non-current liabilities	1,065	511	1,576	756	758	1,514
Total liabilities	$ 15,084	$ 2,370	$ 17,454	$ 13,368	$ 2,651	$ 16,019
Non-controlling interests	$ 1,040	$ —	$ 1,040	$ 1,055	$ 1	$ 1,056

	Years Ended December 31,		
	2013	2012	2011
Summarized Operating Data			
China JV's net sales	$ 38,767	$ 33,364	$ 30,511
Others' net sales	1,830	3,963	4,242
Total net sales	$ 40,597	$ 37,327	$ 34,753
China JV's net income	$ 3,685	$ 3,198	$ 3,203
Others' net income (loss)	50	(23)	(13)
Total net income	$ 3,735	$ 3,175	$ 3,190

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. We also sell component parts and vehicles to certain nonconsolidated affiliates. The following tables summarize the effects of transactions with nonconsolidated affiliates (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Results of Operations			
Automotive sales and revenue	$ 2,724	$ 2,572	$ 3,266
Automotive purchases, net	$ 724	$ 497	$ 1,044
Interest income and other non-operating income, net	$ 19	$ 184	$ 34

	December 31, 2013	December 31, 2012
Financial Position		
Accounts and notes receivable, net	$ 756	$ 1,668
Accounts payable	$ 183	$ 167
Deferred revenue and customer deposits	$ 32	$ 46

	Years Ended December 31,		
	2013	2012	2011
Cash Flows			
Operating	$ 3,607	$ 3,385	$ 3,624
Investing	$ (13)	$ (41)	$ (27)

Note 9. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Estimated Useful Lives in Years	December 31, 2013	December 31, 2012
Land		$ 1,868	$ 2,107
Buildings and improvements	5-40	4,971	4,601
Machinery and equipment	3-27	15,222	12,720
Construction in progress		2,644	3,018
Real estate, plants and equipment		24,705	22,446
Less: accumulated depreciation		(6,787)	(5,556)
Real estate, plants and equipment, net		17,918	16,890
Special tools, net	1-15	7,949	7,306
Total property, net		$ 25,867	$ 24,196

The amount of interest capitalized and excluded from Automotive interest expense related to Property, net was $81 million, $117 million and $91 million in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	December 31, 2013	December 31, 2012
Capitalized software in use, net	$ 580	$ 465
Capitalized software in the process of being developed	$ 50	$ 108

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, GM Financial operating and other expenses, and Automotive selling, general and administrative expense (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Depreciation and amortization expense	$ 3,959	$ 3,888	$ 3,604
Impairment charges (a)	901	3,793	81
Depreciation, impairment charges and amortization expense	$ 4,860	$ 7,681	$ 3,685
Capitalized software amortization expense (b)	$ 244	$ 209	$ 203

(a) Includes GMIO assets whose fair value was $131 million at December 31, 2013. Includes GME assets whose fair value was $408 million at December 31, 2012. Also includes other assets whose fair value was determined to be $0 in the years ended December 31, 2013, 2012 and 2011 measured utilizing Level 3 inputs. Fair value measurements of the non-GMIO and non-GME asset group long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in total depreciation, impairment charges and amortization expense.

Impairment Charges

Year Ended December 31, 2013

GM India

In the three months ended December 31, 2013 we performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. Our strategic review indicated that the existing long-lived assets of the GM India asset group were not recoverable. In the three months ended December 31, 2013 we recorded asset impairment charges of $280 million to adjust the carrying amount of GM India's real and personal property to fair value of $45 million. These charges were recorded in our GMIO segment in Automotive cost of sales. Our recoverability test of the GM India asset group also included Intangible assets, net and Goodwill resulting in additional impairment charges of $103 million, for total impairment charges of $383 million. The noncontrolling interest portion of these charges was $35 million based on our 90.8% ownership of GM India. Refer to Note 11 for additional information regarding the impairment of Intangible assets, net and Note 10 for additional information regarding the impairment of Goodwill.

GM Holden Ltd. (Holden)

In December 2013 we announced plans to cease manufacturing and reduce engineering at our Holden subsidiary in Australia by the end of 2017. As a result we recorded asset impairment charges of $477 million to adjust the carrying amounts of certain long-lived assets of our Holden asset group to fair value of $71 million. These charges were recorded in our GMIO segment in Automotive cost of sales. Refer to Note 19 for additional information on the actions taken at Holden.

Year Ended December 31, 2012

During the second half of 2011 and continuing into 2012 the European automotive industry was severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity and we began to experience deterioration in cash flows. In response we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. During the fourth quarter of 2012 our industry outlook deteriorated further and our forecast of 2013 cash flows

declined notwithstanding our actions. As a result we performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios and concluded the GME asset group was not recoverable. Accordingly we recorded asset impairment charges of $3.7 billion at December 31, 2012 to adjust the carrying amount of the GME real and personal property to fair value of $0.4 billion. These charges were recorded in our GME segment with $3.5 billion recorded in Automotive cost of sales and $0.2 billion recorded in Automotive selling, general and administrative expense. Our recoverability test of the GME asset group also included Intangible assets, net and other long-lived assets resulting in additional impairment charges of $1.8 billion, for total impairment charges of $5.5 billion. Refer to Note 11 for additional information regarding the impairment of Intangible assets, net.

Fair Value Measurements

To determine the estimated fair value of real and personal property, the cost approach, market approach and income approach were considered. Under the cost approach, the determination of fair value considered the estimates of the cost to construct or purchase a new asset of equal utility at current prices with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. Under the market approach, the determination of fair value considered the market prices in transactions for similar assets and certain direct market values based on quoted prices from brokers and secondary market participants for similar assets. Under the income approach, the determination of fair value considered the estimate of the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset with adjustments in value for demolition costs and for the effect of an estimated holding period. Under the income approach, it was assumed fair value could not exceed the present value of the net cash flows discounted at a rate commensurate with the level of risk inherent in the subject asset. An in-exchange premise was determined to be the highest and best use.

The following table summarizes the significant Level 3 inputs for real and personal property measurements:

	Valuation Technique(s)	Unobservable Input(s)	Range
GM India personal property	Market approach	Economic obsolescence (a)	72% - 100%
Holden real property	Income approach	Holding period (b)	0 - 3 years
		Discount rate (c)	11% - 12%
GME real property	Market approach	Demolition costs (d)	6% - 23%
	Cost approach	Holding period (b)	0 - 4 years
	Income approach	Discount rate (c)	11.2% - 14.5%
GME personal property	Market approach	Physical deterioration (e)	52% - 69%
	Cost approach	Functional obsolescence (f)	8% - 28%
		Economic obsolescence (a)	17% - 23%

(a) Represents estimated loss in asset value caused by factors external to the asset such as legislative enactments, changes in use, social change and change in supply and demand.
(b) Represents estimated marketing period for each property which dictates the amount of property specific holding costs to be incurred such as real estate taxes.
(c) Represents the discount rate for the specific property based on local market sources and available benchmarking data.
(d) Represents estimated gross cost to demolish and clear the structures on the property as a percentage of replacement cost new.
(e) Represents estimated loss in asset value due to wear and tear, action of the elements and other physical factors that reduce the life and serviceability of the asset.
(f) Represents estimated loss in asset value caused by inefficiencies and inadequacies of the asset itself.

The personal property in our Holden asset group was determined to have a nominal fair value because of anticipated losses during the wind-down period and limited to no salvage value given the decline in the automotive manufacturing base in Australia.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value estimates for GM India, Holden and GME real and personal property are based on a valuation premise that assumes the assets' highest and best use are different than their current use based on the forecasted financial results of the asset groups.

Note 10. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2012	$ 26,399	$ 581	$ 610	$ 151	$ 27,741	$ 1,278	$ 29,019
Impairment charges	(26,399)	(590)	(156)	—	(27,145)	—	(27,145)
Goodwill from business combinations (a)	—	—	61	—	61	—	61
Effect of foreign currency and other	—	9	34	(5)	38	—	38
Balance at December 31, 2012	—	—	549	146	695	1,278	1,973
Impairment charges	—	—	(541)	—	(541)	—	(541)
Goodwill from business combinations (a)	—	—	—	10	10	144	154
Effect of foreign currency and other	—	—	(8)	(18)	(26)	—	(26)
Balance at December 31, 2013	$ —	$ —	$ —	$ 138	$ 138	$ 1,422	$ 1,560
Accumulated impairment charges at January 1, 2012	$ —	$ (2,482)	$ (270)	$ —	$ (2,752)	$ —	$ (2,752)
Accumulated impairment charges at December 31, 2012	$ (26,399)	$ (3,072)	$ (426)	$ —	$ (29,897)	$ —	$ (29,897)
Accumulated impairment charges at December 31, 2013	$ (26,399)	$ (3,072)	$ (967)	$ —	$ (30,438)	$ —	$ (30,438)

(a) Refer to Note 3 for additional information concerning the acquisitions.

In the three months ended December 31, 2013, 2012, and 2011 we performed our annual goodwill impairment testing as of October 1 for all reporting units. In addition, in the years ended December 31, 2013, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units.

GMNA

Subsequent to our 2012 annual goodwill impairment testing, we reversed $36.2 billion of our deferred tax asset valuation allowances for our GMNA reporting unit. The reversal of the deferred tax asset valuation allowances resulted in the carrying amount of our GMNA reporting unit exceeding its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012 and recorded a Goodwill impairment charge of $26.4 billion. At December 31, 2012 GMNA's Goodwill balance was $0. Refer to Note 18 for additional information on the reversal of our deferred tax asset valuation allowances for our U.S. and Canadian operations.

GME

We adopted the provisions of ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28) on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed due to further deterioration in the business outlook for GME and increases in the fair value of estimated employee benefit obligations, we recorded Goodwill impairment charges of $590 million and $1.0 billion in the years ended December 31, 2012 and 2011. At December 31, 2012 GME's Goodwill balance was $0.

GMIO

Based on the results of our annual and event-driven goodwill impairment tests, we recorded total Goodwill impairment charges of $541 million, $156 million and $270 million in the years ended December 31, 2013, 2012 and 2011 within our GMIO segment. The

impairment charges primarily related to our GM Korea Company (GM Korea) and Holden reporting units. We performed event-driven goodwill impairment tests for GM Korea in 2013, 2012 and 2011 as the fair value of GM Korea continued to be below its carrying amount due to ongoing economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates. Furthermore, in the three months ended December 31, 2013 we announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe that resulted in the impairment of the remaining goodwill. Chevrolet sales in Europe are included in our GM Korea operations. We also recorded a Goodwill impairment charge in the three months ended December 31, 2013 associated with our GM India reporting unit resulting from lower forecasted profitability in India due to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. Refer to Note 9 for additional information on our operations in India. In the three months ended December 31, 2011 we reversed a deferred tax asset valuation allowance for our Holden reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value. At December 31, 2013 the goodwill balance was $0 for all of the reporting units in GMIO.

Impairment Charges

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the years ended December 31, 2013, 2012 and 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from the reversal of our deferred tax asset valuation allowances for certain reporting units thus resulting in the recorded amount for deferred taxes exceeding their fair values which under Accounting Standards Codification (ASC) 805, “Business Combinations” (ASC 805) results in less implied goodwill. The net decreases also resulted from improvements in our nonperformance risk and in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease was also due to an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. For the purpose of deriving an implied goodwill balance, deterioration in the business outlook and anticipated restructuring activities for GME and GM Korea resulted in a reduction in the fair value of certain tax attributes and an increase in estimated employee benefit obligations. The amount of implied goodwill derived from GM India decreased primarily from a reduction in the fair value of certain tax attributes.

Fair Value Measurements

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates, which utilized Level 3 measures, about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to ASC 805.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 11. Intangible Assets, net

The following table summarizes the components of Intangible assets, net (dollars in millions):

	December 31, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	$ 8,210	$ 7,308	$ 902	$ 7,775	$ 6,320	$ 1,455
Brands	4,466	559	3,907	4,464	431	4,033
Dealer network and customer relationships	1,108	364	744	1,375	327	1,048
Favorable contracts and other	345	326	19	384	286	98
Total amortizing intangible assets	14,129	8,557	5,572	13,998	7,364	6,634
Nonamortizing in process research and development	96		96	175		175
Total intangible assets	$ 14,225	$ 8,557	$ 5,668	$ 14,173	$ 7,364	$ 6,809

In December 2012 we entered into a product development agreement with PSA to collaborate on the development of certain vehicle platforms, components and modules. As a result of this agreement, in the three months ended March 31, 2013 we acquired the rights to certain technology and intellectual property for total consideration of $642 million. Consideration of $201 million was paid in cash in May 2013 with the remaining consideration to be paid by May 2018. The acquired rights were recorded at the present value of the total payments to be made as technology and intellectual property of $594 million.

In December 2013 we agreed with PSA to mutually cancel development of one of the vehicle programs and reduce the amount of remaining consideration to be paid, resulting in a net charge of $49 million recorded in Automotive cost of sales in GMNA. The net charge consisted of an impairment of the associated intellectual property of $211 million and a reduction of total consideration from $642 million to $480 million.

The following table summarizes the amortization expense and impairment charges related to Intangible assets, net (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Amortization expense	$ 1,281	$ 1,568	$ 1,804
Impairment charges	$ 523	$ 1,755	$ —

The following table summarizes estimated amortization expense related to Intangible assets, net in each of the next five years (dollars in millions):

	2014	2015	2016	2017	2018
Estimated amortization expense	$ 672	$ 330	$ 310	$ 305	$ 300

Impairment Charges

Year Ended December 31, 2013

GM India

In the three months ended December 31, 2013 we recorded impairment charges of $48 million to adjust the carrying amounts of Intangible assets, net, primarily favorable contract intangibles, to fair value of $0, because of a lack of economic support associated

with GM India's declining operations. These charges were recorded in our GMIO segment primarily in Automotive cost of sales. Refer to Note 9 for additional information regarding the triggering events of the impairment charge in India and information on the impairment of Property, net.

Withdrawal of the Chevrolet Brand from Europe

In the three months ended December 31, 2013 we recorded impairment charges of $264 million to adjust the carrying amounts of Intangible assets, net, primarily dealer network intangibles, to fair value because we are winding down the dealer network in 2014 and we expect to incur losses during the wind-down period. These charges were recorded in our GMIO segment in Automotive cost of sales. Refer to Note 19 for additional information on the withdrawal of the Chevrolet brand from Europe.

Year Ended December 31, 2012

We adjusted the carrying amount of the GME intangible assets to their fair value of $139 million and recorded asset impairment charges of $1.8 billion at December 31, 2012. These charges were recorded in our GME segment with $1.6 billion recorded in Automotive selling, general and administrative expense and $0.2 billion recorded in Automotive cost of sales. The fair value estimates for GME's intangible assets are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

Our recoverability test of the GME asset group includes real and personal property, resulting in additional impairment charges of $3.7 billion, for total impairment charges of $5.5 billion. Refer to Note 9 for additional information regarding the impairment of real and personal property.

To determine the estimated fair value of the brand intangible assets we used the relief from royalty method which is a form of the income approach. Under this approach revenue associated with the brand is projected over the expected remaining useful life of the asset. A royalty rate is then applied to estimate the royalty savings. The royalty rate used was based on an analysis of empirical, market-derived royalty rates for guideline intangible assets and a profit split analysis to determine a rate that is economically supported by GME's forecasted profitability. The net after-tax royalty savings are calculated for each year during the remaining economic life of the asset and discounted to present value.

To determine the estimated fair value of the dealer network we used the cost approach with adjustments in value for the overcapacity of dealers and the sales environment in the region. We determined the fair value to be $0.

The following table summarizes the significant Level 3 inputs for brand intangible assets measurements:

	Valuation Technique	Unobservable Input(s)	Percentage
Brand intangible assets	Income approach	Long-term growth rate	0.50%
		Pre-tax royalty rate (a)	0.14%
		Discount rate (b)	21.25%

(a) Represents estimated savings realized from owning the asset or having the royalty-free right to use the asset.
(b) Represents WACC adjusted for perceived business risks related to these intangible assets.

Note 12. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing and selling venture arrangements, the most significant of which is GM Egypt. At December 31, 2013 and 2012: (1) Total assets of these VIEs were $564 million and $436 million, which were composed of Cash and

cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $395 million and $254 million, which were composed of Accounts payable (principally trade) and Accrued liabilities. In the years ended December 31, 2013 and 2012 Total net sales and revenue recorded for these consolidated VIEs were $1.1 billion and $1.0 billion and Net income was $55 million and $56 million. These amounts are stated prior to intercompany eliminations. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations.

GM Korea and GM India are non-wholly owned consolidated subsidiaries that we control through a majority voting interest. They are also VIEs because in the future they may require additional subordinated financial support. At December 31, 2013 and 2012 the combined creditors of GM Korea's and GM India's liabilities of $242 million and $368 million, which were composed of short-term debt, current derivative liabilities and long-term debt, do not have recourse to our general credit.

Automotive Financing — GM Financial

GM Financial uses special purpose entities (SPEs) that are considered VIEs to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by the cash flows related to finance receivables and leasing related assets transferred by GM Financial to the VIEs (Securitized Assets). GM Financial holds variable interests in the VIEs that could potentially be significant to the VIEs. GM Financial determined that it is the primary beneficiary of the SPEs because (1) the servicing responsibilities for the Securitized Assets give it the power to direct the activities that most significantly impact the performance of the VIEs and (2) the variable interests in the VIEs give it the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets and liabilities of the VIEs are included in GM Financial's consolidated balance sheets. The amounts are stated prior to intercompany eliminations.

The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs (dollars in millions):

	December 31, 2013	December 31, 2012
Restricted cash	$ 1,523	$ 744
Securitized Assets	$ 23,584	$ 10,442
Securitization notes payable and other credit facilities	$ 19,448	$ 9,378

Restricted cash represents collections from the underlying Securitized Assets and certain reserve accounts held as credit enhancement for securitizations held by GM Financial for the benefit of the noteholders. Except for the acquisition accounting adjustments, which are not recorded in SPE trusts, GM Financial recognizes finance charge income, leased vehicle income and other income on the Securitized Assets and interest expense on the secured debt issued by the SPEs. GM Financial also maintains an allowance for credit losses on the Securitized Assets. Cash pledged to support the secured borrowings is deposited to a restricted cash account which is invested in highly liquid securities with original maturities of 90 days or less.

The assets of the VIEs and the restricted cash held by GM Financial serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing and selling venture arrangements and other automotive related entities to which we provided financial support, including GM India prior to September 2012 and Ally Financial. We concluded these entities are VIEs because they do not have sufficient equity at risk or may require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly

affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

At December 31, 2013 and 2012 our variable interests in these VIEs included: (1) Total assets of $169 million and $351 million, which were composed of Accounts and notes receivable, net and Equity in net assets of nonconsolidated affiliates; (2) Total liabilities of $838 million and $1.9 billion, which were composed of Accounts payable (principally trade), Short-term debt and current portion of long-term debt, Accrued liabilities and Other liabilities and deferred income taxes; and (3) Total off-balance sheet arrangements of $115 million and $32 million, which were composed of loan commitments and other liquidity arrangements. The amount of total off-balance sheet arrangements at December 31, 2013 includes contractual commitments under an agreement with a supplier that became a VIE in January 2013. The maximum exposure to loss for total assets approximated the carrying amount at December 31, 2013 and 2012. Refer to Note 17 for additional information on our maximum exposure to loss under agreements with Ally Financial.

Ally Financial Common Stock

At December 31, 2012 we held a 9.9% common equity ownership in Ally Financial with carrying amount and fair value of $399 million and $1.3 billion. We estimated the fair value of Ally Financial common stock using a market approach that applied the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry and the effects of certain Ally Financial shareholder rights. The inputs used in the measurement of the fair value are Level 3 inputs. In December 2013 we sold our investment through a private offering for net proceeds of $880 million and recorded a gain of $483 million in Interest income and other non-operating income, net.

Ally Financial Preferred Stock

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $339 million related to the sale was recorded in Interest income and other non-operating income, net.

Note 13. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	December 31, 2013	December 31, 2012
Current		
Dealer and customer allowances, claims and discounts	$ 7,919	$ 7,722
Deposits primarily from rental car companies	4,713	4,250
Deferred revenue	1,276	1,326
Policy, product warranty and recall campaigns	2,559	2,919
Payrolls and employee benefits excluding postemployment benefits	2,285	2,144
Other	5,881	4,947
Total accrued liabilities	$ 24,633	$ 23,308
Non-current		
Deferred revenue	$ 1,249	$ 1,169
Policy, product warranty and recall campaigns	4,655	4,285
Employee benefits excluding postemployment benefits	1,192	1,359
Postemployment benefits including facility idling reserves	1,216	1,518
Other	5,041	4,838
Total other liabilities and deferred income taxes	$ 13,353	$ 13,169

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty and recall campaigns (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Beginning balance	$ 7,204	$ 6,600	$ 6,789
Warranties issued and assumed in period	3,181	3,394	3,062
Payments	(3,063)	(3,393)	(3,740)
Adjustments to pre-existing warranties	123	539	565
Effect of foreign currency and other	(231)	64	(76)
Ending balance	$ 7,214	$ 7,204	$ 6,600

Note 14. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	December 31, 2013	December 31, 2012
Secured debt	$ 320	$ 1,182
Unsecured debt		
Senior unsecured notes	4,500	—
Canadian Health Care Trust (HCT) notes	—	1,239
Other unsecured debt	1,352	1,713
Total unsecured debt	5,852	2,952
Capital leases	965	1,038
Total automotive debt (a)	7,137	5,172
Less: short-term debt and current portion of long-term debt	564	1,748
Total long-term debt	$ 6,573	$ 3,424
Fair value of automotive debt (b)	$ 6,837	$ 5,298
Available under credit facility agreements	$ 10,404	$ 11,119
Interest rate range on outstanding debt (c)	0.0-19.0%	0.0-19.0%
Weighted-average interest rate on outstanding short-term debt (c)	9.0%	3.7%
Weighted-average interest rate on outstanding long-term debt (c)	3.8%	4.0%

(a) Net of a $765 million and $1.1 billion net discount at December 31, 2013 and 2012.

(b) The fair value of debt includes $6.8 billion and $4.1 billion measured utilizing Level 2 inputs at December 31, 2013 and 2012 and $1.2 billion measured utilizing Level 3 inputs at December 31, 2012.

(c) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The Level 2 fair value measurements utilize quoted market prices and if unavailable, a discounted cash flow model. The valuation is reviewed internally by personnel with appropriate expertise in valuation methodologies. This model utilizes observable inputs such as contractual repayment terms and benchmark yield curves, plus a spread that is intended to represent our nonperformance risk for secured or unsecured obligations. We estimate our nonperformance risk using our corporate credit rating, the ratings on our senior unsecured notes and on our secured revolver, yields on traded bonds of companies with comparable credit ratings and risk profiles. We acquire the benchmark yield curves and nonperformance risk spread from independent sources that are widely used in the

financial industry. In certain circumstances we adjust the valuation of debt for additional nonperformance risk or potential prepayment probability scenarios. We may use a probability weighting of prepayment scenarios when the stated rate exceeds market rates and the instrument contains prepayment features. The prepayment scenarios are adjusted to reflect the views of market participants. The fair value measurements subject to additional adjustments for nonperformance risk or prepayment have been categorized in Level 3.

Secured Debt

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our products and generally do not require cash outflows to settle. Following GM Financial's acquisition of the Ally Financial international operations in April 2013, most of the wholesale financing balance classified as debt became intercompany debt and was eliminated in consolidation, resulting in a decrease to our automotive debt balance of $682 million.

Secured Revolving Credit Facilities

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities consist of a three-year, $5.5 billion facility and a five-year, $5.5 billion facility and replaced our previous five-year, $5.0 billion secured revolving credit facility. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of approximately $485 million and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $625 million at December 31, 2013.

The five-year, $5.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $500 million. This facility is not available to GM Financial.

Our obligations under the secured revolving credit facilities are guaranteed by certain of our domestic subsidiaries and by a substantial portion of our domestic assets including accounts receivable, inventory, property, plant and equipment, intellectual property and trademarks, equity interests in certain of our direct domestic subsidiaries as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facilities does not include, among other assets, cash, cash equivalents and marketable securities as well as our investments in GM Financial, GM Korea and in our China JVs. If we receive and maintain an investment grade corporate rating from two or more of the following credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we will no longer have to post collateral or provide guarantees from certain domestic subsidiaries under the terms of the facilities.

The secured revolving credit facilities contain representations, warranties and covenants customary of these types of facilities, including negative covenants restricting incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. These restricted payments include limitations on the amount of dividend payments and repurchases of our common stock. These restrictions can be mitigated based on various factors including but not limited to cash flows generated from operating and investing activities, prior restricted payments, our borrowing base coverage ratio, consolidated global liquidity and other provisions. The facilities also require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Interest rates on obligations under the secured revolving credit facilities are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the secured revolving credit facilities or our corporate rating depending on certain criteria.

Unsecured Debt

Senior Unsecured Notes

In September 2013 we issued $4.5 billion in aggregate principal amount of senior unsecured notes comprising $1.5 billion of 3.5% notes due in 2018, $1.5 billion of 4.875% notes due in 2023 and $1.5 billion of 6.25% notes due in 2043. These notes contain terms and covenants customary of these types of securities including limitations on the amount of the secured debt we may issue.

In connection with the issuance of these notes we entered into a registration rights agreement that requires us to file a registration statement with the Securities and Exchange Commission (SEC) for an exchange offer with respect to the senior notes. If the registration statement has not been declared effective by the SEC within 365 days after the closing date of the debt issuance, if we fail to consummate the exchange offer within 30 business days after such target effective date or if the registration statement ceases to remain effective, we will be required to pay additional interest of 0.25% per annum for the first 90 day period following such event and an additional 0.25% per annum for each subsequent 90 day period prior to the consummation of the exchange offer up to a maximum additional interest rate of 0.5% per annum.

HCT Notes

As part of the establishment of the HCT to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrued interest at an annual rate of 7.0%. The notes were due in periodic installments through 2018. In October 2013 we prepaid the HCT notes in full for $1.2 billion. Refer to Note 15 for additional information on the HCT settlement.

GM Korea Preferred Shares

Prior to April 2013 GM Korea had outstanding non-convertible mandatorily redeemable preferred shares. Dividends accrued at a rate of 2.5% through October 2012 and increased to 7.0% through 2017. In December 2012 GM Korea made a payment of $671 million to redeem early a portion of shares that had a carrying amount of $429 million and the difference was recorded as a loss on extinguishment of debt. In April 2013 GM Korea made a payment of $708 million to redeem early the remaining balance of the shares that had a carrying amount of $468 million and the difference was recorded as a loss on extinguishment of debt.

Gains (Losses) on Extinguishment of Debt

In the year ended December 31, 2013 we prepaid and retired debt obligations with a total carrying amount of $1.8 billion and recorded a net loss on extinguishment of debt of $212 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares. In the year ended December 31, 2012 we prepaid and retired debt obligations with a total carrying amount of $514 million and recorded a net loss on extinguishment of debt of $250 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares. In the year ended December 31, 2011 we prepaid and retired in full debt facilities of $1.0 billion held by certain of our subsidiaries, primarily in GMNA and GMSA, and recorded a gain on these debt facilities of $18 million.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. A foreign subsidiary was not in compliance with certain financial covenants under its $77 million term loan facility. We are evaluating alternatives to cure this financial covenant issue and included this liability in Short-term debt and current portion of long-term debt.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive Financing — GM Financial

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value (a)	Carrying Amount	Fair Value (a)
Secured				
Revolving credit facilities	$ 9,000	$ 8,995	$ 354	$ 354
Securitization notes payable (b)	13,073	13,175	9,024	9,171
Total secured	22,073	22,170	9,378	9,525
Unsecured				
Senior notes	4,000	4,106	1,500	1,620
Bank lines and other unsecured debt	2,973	2,972	—	—
Total unsecured	6,973	7,078	1,500	1,620
Total GM Financial debt	$ 29,046	$ 29,248	$ 10,878	$ 11,145

(a) The fair value of debt includes $23.0 billion and $11.1 billion measured utilizing Level 2 inputs at December 31, 2013 and 2012 and $6.2 billion measured utilizing Level 3 inputs at December 31, 2013. For revolving credit facilities with variable interest rates and maturities of one year or less, the carrying amount is considered to be a reasonable estimate of fair value. The fair value of other secured debt and the unsecured debt is based on quoted market prices, when available. If quoted market prices are not available, the market value is estimated by discounting future net cash flows expected to be paid using current risk-adjusted rates.

(b) Includes a private securitization that GM Financial used observable and unobservable inputs to estimate fair value. Unobservable inputs are related to the structuring of the debt into various classes, which is based on public securitizations issued during the same time frame. Observable inputs are used by obtaining active prices based on the securitization debt issued during the same time frame. These observable inputs are then used to create expected market prices (unobservable inputs), which are then applied to the debt classes in order to estimate fair value which would approximate market value.

Secured

Revolving Credit Facilities

The revolving credit facilities have revolving periods ranging from one to three years. At the end of the revolving period, if the facilities are not renewed, the debt will amortize over periods ranging up to six years. Most of the secured debt was issued by VIEs and it is repayable only from proceeds related to the underlying pledged finance receivables and leases. Refer to Note 12 for additional information relating to GM Financial's involvement with VIEs. Weighted-average interest rates are both fixed and variable, ranging from 0.9% to 15.9% at December 31, 2013.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. Additionally, some of GM Financial's secured credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings under these agreements and/or remove GM Financial as servicer. At December 31, 2013 GM Financial was in compliance with all covenants related to its credit facilities.

In the year ended December 31, 2013 GM Financial entered into two new credit facilities with a total borrowing capacity of $1.3 billion. At December 31, 2013 revolving credit facilities of $7.3 billion resulted from the acquisition of the Ally Financial international operations.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial through securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of GM Financial's acquisition of the Ally Financial international operations, GM Financial recorded a purchase accounting discount of $69 million that will amortize to interest expense over the expected term of the notes. At December 31, 2013 the remaining purchase accounting discount of $47 million is included in Total secured debt.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets is reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

In the year ended December 31, 2013 GM Financial issued securitization notes payable of $6.8 billion with a weighted-average interest rate of 1.7% maturing on various dates through 2021. At December 31, 2013 securitization notes payable of $2.3 billion resulted from the acquisition of the Ally Financial international operations.

Unsecured

Senior Notes

In May 2013 GM Financial issued $2.5 billion in aggregate principal amount of senior notes due in 2016 through 2023 with interest rates that range from 2.75% to 4.25%. In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. Senior notes outstanding at December 31, 2013 are due beginning in 2016 through 2023 and have interest rates that range from 2.75% to 6.75%. The notes are guaranteed by GM Financial's principal operating subsidiary.

Bank Lines and Other Unsecured Debt

The maturity dates of bank lines and other unsecured debt, which was assumed in the acquisition of the Ally Financial international operations, range up to five years. If not renewed, any balance outstanding under these bank lines is either immediately due in full or will amortize over a defined period. Interest rates on bank lines and other unsecured debt ranged from 1.1% to 12.9% at December 31, 2013.

Consolidated

Interest Expense

The following table summarizes interest expense (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Automotive	$ 334	$ 489	$ 540
Automotive Financing — GM Financial	715	283	204
Total interest expense	$ 1,049	$ 772	$ 744

Debt Maturities

The following table summarizes contractual maturities including capital leases at December 31, 2013 (dollars in millions):

	Automotive	Automotive Financing (a)	Total
2014	$ 543	$ 13,594	$ 14,137
2015	147	6,473	6,620
2016	109	4,199	4,308
2017	496	2,337	2,833
2018	1,582	1,693	3,275
Thereafter	5,025	750	5,775
	$ 7,902	$ 29,046	$ 36,948

(a) Secured debt, bank lines and other unsecured debt are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2013 future interest payments on automotive capital lease obligations were $578 million. GM Financial had no capital lease obligations at December 31, 2013.

Note 15. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased on September 30, 2012 for U.S. salaried employees and on December 31, 2012 for Canadian salaried employees. There is also an unfunded nonqualified pension plan covering primarily U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2013 all legal funding requirements had been met. We expect to contribute $100 million to our U.S. non-qualified plans and $749 million to our non-U.S. pension plans in 2014. The following table summarizes contributions made to the defined benefit pension plans (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. hourly and salaried	$ 128	$ 2,420	$ 1,962
Non-U.S.	886	855	836
Total	$ 1,014	$ 3,275	$ 2,798

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset portfolio mix to reduce funded status volatility.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Employer contributions	$ 393	$ 432	$ 426
Plan participants' contributions	29	4	13
Total contributions	$ 422	$ 436	$ 439

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $782 million and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after September 2007 also participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans. We made contributions to our defined contribution plans of $502 million, $352 million and $297 million in the years ended December 31, 2013, 2012 and 2011.

Significant Plan Amendments, Benefit Modifications and Related Events

U.S. Salaried Defined Benefit Life Insurance Plan

In September 2013 we amended the U.S. salaried life insurance plan effective January 1, 2014 to eliminate benefits for retirees and eligible employees retiring on or after August 1, 2009. The remeasurement, settlement and curtailment resulted in a decrease in the OPEB liability of $319 million, a decrease in the net pre-tax actuarial loss component of Accumulated other comprehensive loss of $236 million and a pre-tax gain of $83 million.

U.S. Salaried Defined Benefit Pension Plan

In 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012 resulting in a curtailment of $309 million which decreased the pension liability. We divided the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. Settlement payments of $30.6 billion were made consisting of lump-sum pension distributions of $3.6 billion to retired salaried plan participants, group annuity contracts purchased for a total annuity premium of $25.1 billion and two separate previously guaranteed obligations of $1.9 billion were settled. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants that were receiving payments from the plan and the insurance companies assumed all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these transactions we have settled certain pension obligations in their entirety resulting in a pre-tax settlement loss of $2.6 billion ($2.2 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $377 million, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $413 million is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $596 million primarily associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit).

In 2012 we provided short-term, interest-free, unsecured loans of $2.2 billion to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. Contributions of $1.7 billion were made from the $2.2 billion loans. Through December 31, 2012 $430 million was repaid and $90 million of the loan was still outstanding. In the year ended December 31, 2013 $60 million was repaid and the remaining $30 million was deemed a plan contribution.

Active salaried plan participants began receiving additional contributions in the defined contribution plan in October 2012. Lump-sum pension distributions in 2013 of $430 million resulted in a pre-tax settlement gain of $128 million.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012 and provide active employees a lump-sum distribution option at retirement. The remeasurement, amendments and offsetting curtailment increased the pension liability by $84 million. Active plan participants started receiving additional contributions in the defined contribution plan starting in January 2013.

We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan. These amendments decreased the OPEB liability by $28 million.

Canadian HCT

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement and recorded a gain of $749 million in Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of Accumulated other comprehensive loss of $414 million.

Other Remeasurements

In March 2012 certain pension plans in GME were remeasured as part of our goodwill impairment testing, resulting in an increase of $150 million in the pension liability and a pre-tax increase in the net actuarial loss component of Accumulated other comprehensive loss.

In September 2011 a plan which provided legal services to U.S. hourly employees and retirees was remeasured as a result of our labor agreement provisions which terminated the plan effective December 31, 2013. The negotiated termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive loss was amortized through December 31, 2013.

In March 2011 certain pension plans in GME were remeasured as part of our goodwill impairment testing, resulting in a decrease of $272 million in the pension liability and a pre-tax increase in the net actuarial gain component of Accumulated other comprehensive loss.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 10 for additional information on our Goodwill impairment.

Pension and OPEB Obligations and Plan Assets

The following table summarizes the change in benefit obligations and related plan assets (dollars in millions):

	Year Ended December 31, 2013				Year Ended December 31, 2012			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations								
Beginning benefit obligation	$ 82,110	$ 29,301	$ 6,271	$ 1,528	$ 108,562	$ 25,765	$ 5,822	$ 1,490
Service cost	298	394	24	13	452	383	23	16
Interest cost	2,837	1,010	217	57	4,055	1,110	234	63
Plan participants' contributions	—	4	29	2	—	7	4	1
Amendments	—	(4)	—	(4)	(32)	139	—	(52)
Actuarial (gains) losses	(7,661)	(1,009)	(757)	(210)	8,432	2,774	622	13
Benefits paid	(5,719)	(1,683)	(422)	(53)	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	(528)	—	(98)	—	682	—	30
Business combinations	—	128	—	—	—	—	—	—
Curtailments, settlements and other	(385)	(85)	(252)	3	(30,937)	(8)	2	22
Ending benefit obligation	71,480	27,528	5,110	1,238	82,110	29,301	6,271	1,528
Change in plan assets								
Beginning fair value of plan assets	68,085	15,541	—	—	94,349	14,541	—	—
Actual return on plan assets	2,107	988	—	—	10,332	1,344	—	—
Employer contributions	128	886	393	51	2,420	855	432	54
Plan participants' contributions	—	4	29	2	—	7	4	1
Benefits paid	(5,719)	(1,683)	(422)	(53)	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	(692)	—	—	—	389	—	—
Business combinations	—	26	—	—	—	—	—	—
Settlements	(435)	(87)	—	—	(30,629)	(207)	—	—
Other	—	3	—	—	35	163	—	—
Ending fair value of plan assets	64,166	14,986	—	—	68,085	15,541	—	—
Ending funded status	$ (7,314)	$ (12,542)	$ (5,110)	$ (1,238)	$ (14,025)	$ (13,760)	$ (6,271)	$ (1,528)
Amounts recorded in the consolidated balance sheets								
Non-current assets	$ —	$ 137	$ —	$ —	$ —	$ 73	$ —	$ —
Current liabilities	(131)	(379)	(368)	(83)	(95)	(343)	(406)	(84)
Non-current liabilities	(7,183)	(12,300)	(4,742)	(1,155)	(13,930)	(13,490)	(5,865)	(1,444)
Net amount recorded	$ (7,314)	$ (12,542)	$ (5,110)	$ (1,238)	$ (14,025)	$ (13,760)	$ (6,271)	$ (1,528)
Amounts recorded in Accumulated other comprehensive loss								
Net actuarial gain (loss)	$ 4,747	$ (3,379)	$ (542)	$ 47	$ (1,434)	$ (4,786)	$ (1,573)	$ (188)
Net prior service (cost) credit	38	(87)	19	91	42	(111)	135	118
Total recorded in Accumulated other comprehensive loss	$ 4,785	$ (3,466)	$ (523)	$ 138	$ (1,392)	$ (4,897)	$ (1,438)	$ (70)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	December 31, 2013		December 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$ 71,461	$ 27,069	$ 82,103	$ 28,880
Plans with ABO in excess of plan assets				
ABO	$ 71,461	$ 25,897	$ 82,103	$ 28,156
Fair value of plan assets	$ 64,166	$ 13,663	$ 68,085	$ 14,702
Plans with PBO in excess of plan assets				
PBO	$ 71,480	$ 26,788	$ 82,110	$ 28,537
Fair value of plan assets	$ 64,166	$ 14,109	$ 68,085	$ 14,704

The following table summarizes the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Year Ended December 31, 2013				Year Ended December 31, 2012				Year Ended December 31, 2011			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense												
Service cost	$ 395	$ 425	$ 24	$ 13	$ 590	$ 411	$ 23	$ 16	$ 632	$ 399	$ 23	$ 30
Interest cost	2,837	1,010	217	57	4,055	1,110	234	63	4,915	1,215	265	186
Expected return on plan assets	(3,562)	(823)	—	—	(5,029)	(870)	—	—	(6,692)	(925)	—	—
Amortization of prior service cost (credit)	(4)	19	(116)	(14)	(1)	1	(116)	(12)	(2)	(2)	(39)	(9)
Recognized net actuarial loss	6	208	85	6	2	35	52	6	—	—	6	—
Curtailments, settlements and other (gains) losses	(77)	(6)	(62)	—	2,580	71	—	11	(23)	(7)	—	(749)
Net periodic pension and OPEB expense (income)	$ (405)	$ 833	$ 148	$ 62	$ 2,197	$ 758	$ 193	$ 84	$ (1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations												
Discount rate	4.46%	4.10%	4.52%	4.71%	3.59%	3.70%	3.68%	3.97%	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase (a)	N/A	2.90%	N/A	4.21%	N/A	2.77%	4.50%	4.21%	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense												
Discount rate	3.59%	3.69%	3.69%	3.97%	4.06%	4.45%	4.24%	4.31%	4.96%	5.16%	5.05%	5.01%
Expected rate of return on plan assets	5.77%	5.70%	N/A	N/A	6.18%	6.20%	N/A	N/A	8.00%	6.50%	N/A	N/A
Rate of compensation increase (a)	N/A	2.77%	4.50%	4.21%	4.50%	3.15%	4.50%	4.21%	3.96%	3.25%	4.50%	4.42%

(a) As a result of ceasing the accrual of additional benefits for salaried plan participants, the rate of compensation increase does not have a significant effect on our U.S. pension and OPEB plans.

U.S. pension plan service cost includes administrative expenses of $97 million, $138 million and $138 million in the years ended December 31, 2013, 2012 and 2011. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements. Non-U.S. pension plan service cost includes administrative expenses of $31 million and $28 million in the years ended December 31, 2013 and 2012.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2014 based on December 31, 2013 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service cost (credit)	$ (4)	$ 19	$ (2)	$ (14)
Amortization of net actuarial (gain) loss	(91)	159	14	(6)
	$ (95)	$ 178	$ 12	$ (20)

Assumptions

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected long-term return on asset assumptions for the U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance and risk of the individual asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent plan performance and historical returns, the expected long-term return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be appropriate in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the competing objectives of improving funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In December 2013 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets increased from 5.8% at December 31, 2012 to 6.5% at December 31, 2013 due primarily to higher yields on fixed income securities. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	December 31, 2013		December 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	19%	28%	19%	30%
Debt	58%	49%	60%	53%
Other (a)	23%	23%	21%	17%
Total	100%	100%	100%	100%

(a) Primarily includes private equity, real estate and absolute return strategies which mainly consist of hedge funds.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2013				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2013				Total U.S. and Non-U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Cash equivalents and other short-term investments	$ —	$ 411	$ —	$ 411	$ —	$ 156	$ —	$ 156	$ 567
Common and preferred stocks (a)	10,234	70	6	10,310	1,816	6	—	1,822	12,132
Government and agency debt securities (b)	—	14,971	—	14,971	—	3,418	—	3,418	18,389
Corporate debt securities (c)	—	20,409	58	20,467	—	2,410	12	2,422	22,889
Mortgage and asset-backed securities	—	238	72	310	—	65	2	67	377
Investment funds									
Equity funds	72	190	44	306	128	1,930	—	2,058	2,364
Fixed income funds	27	8	113	148	—	927	12	939	1,087
Funds of hedge funds	—	—	4,285	4,285	—	—	733	733	5,018
Other investment funds	—	820	732	1,552	—	672	—	672	2,224
Private equity and debt investments (d)	—	—	6,335	6,335	—	—	430	430	6,765
Real estate investments (e)	390	4	4,127	4,521	13	12	1,405	1,430	5,951
Other investments	—	—	62	62	—	—	618	618	680
Derivatives									
Interest rate contracts	5	46	—	51	1	1	—	2	53
Foreign exchange and other contracts	12	111	—	123	2	43	—	45	168
Total assets	10,740	37,278	15,834	63,852	1,960	9,640	3,212	14,812	78,664
Liabilities									
Derivatives									
Interest rate contracts	(22)	(213)	(6)	(241)	(12)	—	—	(12)	(253)
Foreign exchange and other contracts	—	(98)	—	(98)	—	(56)	—	(56)	(154)
Total liabilities	(22)	(311)	(6)	(339)	(12)	(56)	—	(68)	(407)
Net plan assets subject to leveling	$ 10,718	$ 36,967	$ 15,828	63,513	$ 1,948	$ 9,584	$ 3,212	14,744	78,257
Other plan assets and liabilities (g)				653				242	895
Net Plan Assets				$ 64,166				$ 14,986	$ 79,152

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fair Value Measurements of U.S. Plan Assets at December 31, 2012				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2012				Total U.S. and Non-U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Cash equivalents and other short-term investments	$ —	$ 551	$ —	$ 551	$ —	$ 151	$ —	$ 151	$ 702
Common and preferred stocks (a)	9,663	26	19	9,708	2,227	—	—	2,227	11,935
Government and agency debt securities (b)	—	17,835	—	17,835	—	3,722	—	3,722	21,557
Corporate debt securities (c)	—	19,116	77	19,193	—	2,596	2	2,598	21,791
Mortgage and asset-backed securities	—	1,804	105	1,909	—	54	3	57	1,966
Investment funds									
Equity funds	66	253	195	514	212	2,009	—	2,221	2,735
Fixed income funds	16	498	190	704	—	1,046	14	1,060	1,764
Funds of hedge funds	—	—	3,768	3,768	—	—	627	627	4,395
Other investment funds	—	837	806	1,643	—	35	—	35	1,678
Private equity and debt investments (d)	—	—	6,400	6,400	—	—	381	381	6,781
Real estate investments (e)	412	—	4,335	4,747	19	31	1,422	1,472	6,219
Other investments	—	—	63	63	—	—	665	665	728
Derivatives									
Interest rate contracts	15	1,553	—	1,568	—	—	—	—	1,568
Foreign exchange and other contracts	6	124	1	131	2	40	—	42	173
Total assets	10,178	42,597	15,959	68,734	2,460	9,684	3,114	15,258	83,992
Liabilities									
Mortgage and asset-backed securities (f)	—	(15)	—	(15)	—	—	—	—	(15)
Derivatives									
Interest rate contracts	(21)	(977)	(8)	(1,006)	(4)	—	—	(4)	(1,010)
Foreign exchange and other contracts	(4)	(123)	(1)	(128)	(1)	(36)	—	(37)	(165)
Total liabilities	(25)	(1,115)	(9)	(1,149)	(5)	(36)	—	(41)	(1,190)
Net plan assets subject to leveling	$ 10,153	$ 41,482	$ 15,950	67,585	$ 2,455	$ 9,648	$ 3,114	15,217	82,802
Other plan assets and liabilities (g)				500				324	824
Net Plan Assets				$ 68,085				$ 15,541	$ 83,626

(a) Includes GM common stock of $2 million and $1.4 billion in Level 1 of U.S. plan assets at December 31, 2013 and 2012.
(b) Includes U.S. and sovereign government and agency issues. Excludes mortgage and asset-backed securities.
(c) Includes bank debt obligations.
(d) Includes private equity investment funds.
(e) Includes investment funds and public real estate investment trusts.
(f) Primarily investments sold short.
(g) Cash held by the plans, net of amounts receivable/payable for unsettled security transactions and payables for investment manager fees, custody fees and other expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for U.S. plan assets measured at fair value using Level 3 inputs (dollars in millions):

	Balance at January 1, 2013	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2013	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2013
Assets						
Common and preferred stocks	$ 19	$ 3	$ (16)	$ —	$ 6	$ 1
Corporate debt securities	77	5	(24)	—	58	(2)
Mortgage and asset-backed securities	105	1	(34)	—	72	(1)
Investment funds						
Equity funds	195	(3)	(148)	—	44	—
Fixed income funds	190	17	(94)	—	113	11
Funds of hedge funds	3,768	498	19	—	4,285	497
Other investment funds	806	40	(114)	—	732	29
Private equity and debt investments	6,400	926	(991)	—	6,335	436
Real estate investments	4,335	458	(666)	—	4,127	190
Other investments	63	(2)	1	—	62	(2)
Total assets	15,958	1,943	(2,067)	—	15,834	1,159
Derivatives, net						
Interest rate contracts	(8)	2	—	—	(6)	1
Total net assets	$ 15,950	$ 1,945	$ (2,067)	$ —	$ 15,828	$ 1,160

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets						
Common and preferred stocks	$ 46	$ 1	$ (25)	$ (3)	$ 19	$ 3
Government and agency debt securities	3	(1)	(2)	—	—	—
Corporate debt securities	352	1	(258)	(18)	77	(35)
Mortgage and asset-backed securities	197	34	(120)	(6)	105	24
Group annuity contracts	3,209	77	(3,286)	—	—	—
Investment funds						
Equity funds	521	51	(414)	37	195	18
Fixed income funds	1,210	47	(1,067)	—	190	(3)
Funds of hedge funds	5,918	310	(2,460)	—	3,768	239
Other investment funds	2,270	55	(1,531)	12	806	(2)
Private equity and debt investments	8,444	1,022	(3,038)	(28)	6,400	154
Real estate investments	5,092	198	(955)	—	4,335	(80)
Other investments	—	—	63	—	63	—
Total assets	27,262	1,795	(13,093)	(6)	15,958	318
Derivatives, net						
Interest rate contracts	7	3	(14)	(4)	(8)	(1)
Foreign exchange and other contracts	(6)	1	5	—	—	—
Total net assets	$ 27,263	$ 1,799	$ (13,102)	$ (10)	$ 15,950	$ 317

The following tables summarize the activity for non-U.S. plan assets measured at fair value using Level 3 inputs (dollars in millions):

	Balance at January 1, 2013	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Effect of Foreign Currency	Balance at December 31, 2013	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2013
Assets							
Corporate debt securities	$ 2	$ 1	$ 8	$ 1	$ —	$ 12	$ 1
Mortgage and asset-backed securities	3	—	(1)	—	—	2	—
Investment funds							
Fixed income funds	14	(1)	(1)	—	—	12	—
Funds of hedge funds	627	111	28	—	(33)	733	112
Private equity and debt investments	381	73	3	—	(27)	430	53
Real estate investments	1,422	103	(57)	—	(63)	1,405	122
Other investments	665	(10)	(43)	—	6	618	4
Total assets	$ 3,114	$ 277	$ (63)	$ 1	$ (117)	$ 3,212	$ 292

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Effect of Foreign Currency	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets							
Government and agency debt securities	$ 1	$ —	$ (1)	$ —	$ —	$ —	$ —
Corporate debt securities	4	2	(4)	—	—	2	—
Mortgage and asset-backed securities	4	—	(4)	3	—	3	—
Investment funds							
Equity funds	146	(24)	(124)	—	2	—	—
Fixed income funds	20	—	(6)	—	—	14	—
Funds of hedge funds	585	25	—	—	17	627	26
Other investment funds	247	17	(269)	—	5	—	—
Private equity and debt investments	298	46	29	—	8	381	24
Real estate investments	1,345	123	(82)	—	36	1,422	119
Other investments	428	16	203	—	18	665	10
Total assets	$ 3,078	$ 205	$ (258)	$ 3	$ 86	$ 3,114	$ 179

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit

arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds represent funds that invest in a portfolio of hedge funds. Fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Other investment funds primarily represent multi-strategy funds. These funds invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments provide exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The assets of the pension plans include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts may be used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of derivatives held by the plans at December 31, 2013 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status. We have no funding requirements for our U.S. qualified plans in 2014.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2014	$ 5,780	$ 1,609	$ 376	$ 77
2015	$ 5,687	$ 1,597	$ 364	$ 65
2016	$ 5,475	$ 1,688	$ 352	$ 65
2017	$ 5,368	$ 1,711	$ 341	$ 65
2018	$ 5,210	$ 1,581	$ 332	$ 66
2019 - 2023	$ 24,019	$ 7,858	$ 1,576	$ 357

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Note 16. Derivative Financial Instruments

Automotive

At December 31, 2013 and 2012 our derivative instruments consisted primarily of options and forward contracts, none of which were designated as hedging relationships. We had derivative instruments in asset positions with notional amounts of $9.3 billion and $9.1 billion and liability positions with notional amounts of $427 million and $1.6 billion at December 31, 2013 and 2012. The fair value of these derivative instruments was insignificant.

Automotive Financing — GM Financial

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $3.8 billion and $775 million and liability positions with notional amounts of $5.5 billion and $775 million at December 31, 2013 and 2012. As a result of the acquisition of certain Ally Financial international operations, GM Financial had foreign currency swaps with notional amounts of $1.7 billion and $2.1 billion in asset and liability positions at December 31, 2013. The fair value of these derivative financial instruments was insignificant.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 17. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	December 31, 2013		December 31, 2012	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees				
Third-party commercial loans and other obligations (b)	$ 51	$ 15,616	$ 168	$ 22,496
Other product-related claims	$ 54	$ 1,317	$ 51	$ 1,040

(a) Calculated as future undiscounted payments.
(b) Includes liabilities recorded of $10 million and $15 million and maximum liabilities of $15.3 billion and $22.1 billion related to Ally Financial repurchase obligations at December 31, 2013 and 2012.

	Liability Recorded	
	December 31, 2013	December 31, 2012
Other litigation-related liability and tax administrative matters (a)	$ 1,227	$ 1,728
Product liability	$ 690	$ 601
Credit card programs (b)		
Redemption liability (c)	$ 183	$ 209
Deferred revenue (d)	$ 295	$ 355
Environmental liability	$ 154	$ 166

(a) Primarily indirect tax-related litigation as well as various non-U.S. labor related matters.
(b) At December 31, 2013 and 2012 qualified cardholders had rebates available, net of deferred program revenue, of approximately $2.6 billion and $2.9 billion.
(c) Recorded in Accrued liabilities.
(d) Recorded in Other liabilities and deferred income taxes.

Guarantees

We provide payment guarantees on commercial loans outstanding with third parties, such as dealers or rental car companies. These guarantees either expire in 2018 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third parties.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in 2014 through 2016 or are ongoing, or upon the occurrence of specific events.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. If vehicles are required to be repurchased under vehicle repurchase obligations, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions and other closure costs pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2027.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters 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; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from $500 million to $800 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2013. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable however; and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed eight separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. In November 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position in all of these cases. GM Korea appealed to the Supreme Court of the Republic of Korea (Supreme Court) and initiated a constitutional challenge to the adverse interpretation of the relevant statute. At September 30, 2013 we had an accrual of 843 billion South Korean Won (equivalent to $784 million) in connection with these cases. In December 2013, the Supreme Court rendered a decision in a case involving another company not affiliated with us which addressed many of the issues presented in the cases pending against GM Korea and resolved many of them in a manner which we believe is favorable to GM Korea. In particular, while the Supreme Court held that fixed bonuses should be included in the calculation of Ordinary Wages, it also held that claims for retroactive application of this rule would be barred under certain circumstances. We believe the Supreme Court's reasoning is applicable to GM Korea, even though GM Korea's case remains pending before the Supreme Court. Accordingly, we have eliminated the accrual associated with these cases. In the year ended December 31, 2013 we recorded a net reduction of our accrual of 746 billion South Korean Won (equivalent to $711 million) to Automotive cost of sales (77% of which is reflected in our Net income attributable to stockholders based on our ownership interest in GM Korea). We estimate our reasonably possible loss, as defined by ASC 450, "Contingencies," to be 632 billion South Korean Won (equivalent to $599 million) at December 31, 2013. We are also party to litigation with current and former salaried employees over allegations relating to Ordinary Wages regulation. Although the issues differ due to differences between hourly and salaried benefit design, we believe the latest decision of the Supreme Court also impacts

this litigation. At December 31, 2013 we have identified a reasonably possible loss in excess of the amount of our accrual of 165 billion South Korean Won (equivalent to $156 million). Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available.

GMCL Dealers' Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" Canadian Dollar $750 million, without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). A number of former dealers have opted out of participation in the litigation, leaving 181 dealers in the certified class. Trial of the class issues is scheduled to occur in the third quarter of 2014. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

UAW Claim

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution. On December 10, 2013 the court granted our motion for summary judgment and dismissed the claims asserted by the UAW, holding that the relevant agreement is unambiguous and does not require the payment sought. The UAW has appealed. At this juncture, we believe the prospects for liability on the claims asserted in this matter are remote.

Nova Scotia Claims Litigation

We were a participating party-in-interest in proceedings pending in the U.S. Bankruptcy Court for the Southern District of New York to adjudicate claims in the Old GM bankruptcy arising from certain securities issued by General Motors Nova Scotia Finance Company (Nova Scotia Finance), an Old GM subsidiary which we did not acquire in 2009 (Nova Scotia Claims Litigation). Although the proceedings involved no claims against us, they presented issues which, depending upon their resolution, could have resulted in future claims against GMCL. In December 2013, pursuant to the agreement, GMCL paid $50 million to, or as directed by, the Trustee of Nova Scotia Finance and we (including our subsidiaries and affiliates) were released from all claims relating to Nova Scotia Finance, the Nova Scotia Claims Litigation and the transactions at issue in the litigation.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although

punitive damages are claimed in some of these lawsuits and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded in Accrued liabilities and Other liabilities and deferred income taxes for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. Liabilities have been recorded primarily in Other liabilities and deferred income taxes for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2013 we estimate the remediation losses could range from $120 million to $230 million.

Other Matters

Brazil Excise Tax Incentive

In October 2012 the Brazilian government issued a decree which increased an excise tax rate by 30 percentage points, but also provided an offsetting tax incentive that requires participating companies to meet certain criteria, such as local investment and fuel efficiency standards. Participating companies that fail to meet the required criteria are subject to clawback provisions and fines. At December 31, 2013 we believe it is reasonably assured that the program requirements will be met based on the current business model and available technologies.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $200 million and $186 million at December 31, 2013 and 2012 was pledged as collateral under the agreement. Through December 31, 2013 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

India Tavera Emissions Compliance

We have identified an emissions compliance issue with the Tavera produced in India. We have self-reported this issue to local government authorities and will cooperate with any review they may conduct. It is too early to determine the impact this issue will have on us or our Indian operations.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2013 and 2012 accruals for asset retirement obligations were $159 million and $116 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property (dollars in millions):

	2014	2015	2016	2017	2018	Thereafter
Minimum commitments (a)	$ 363	$ 290	$ 225	$ 156	$ 132	$ 499
Sublease income	(52)	(58)	(60)	(59)	(56)	(293)
Net minimum commitments	$ 311	$ 232	$ 165	$ 97	$ 76	$ 206

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

Rental expense under operating leases was $477 million, $474 million and $556 million in the years ended December 31, 2013, 2012 and 2011.

Note 18. Income Taxes

The following table summarizes income (loss) before income taxes and equity income and gain on investments (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. income (loss)	$ 4,880	$(19,063)	$ 2,883
Non-U.S. income (loss)	768	(11,194)	3,102
Income (loss) before income taxes and equity income and gain on investments	$ 5,648	$(30,257)	$ 5,985

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Current income tax expense (benefit)			
U.S. federal	$ (34)	$ 6	$(134)
U.S. state and local	88	78	58
Non-U.S.	512	646	275
Total current income tax expense	566	730	199
Deferred income tax expense (benefit)			
U.S. federal	1,049	(28,965)	8
U.S. state and local	137	(3,415)	(28)
Non-U.S.	375	(3,181)	(289)
Total deferred income tax expense (benefit)	1,561	(35,561)	(309)
Total income tax expense (benefit)	$ 2,127	$(34,831)	$(110)

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments primarily as a result of earnings in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $2.6 billion and $1.4 billion at December 31, 2013 and 2012. Additional basis differences in investments in nonconsolidated China JVs exist of $4.1 billion at December 31, 2013 and 2012 primarily related to fresh-start reporting. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Income tax expense (benefit) at U.S. federal statutory income tax rate	$ 1,977	$(10,590)	$ 2,094
State and local tax expense	145	254	215
Non-U.S. income taxed at other than 35%	(168)	908	(172)
Foreign tax credit election change	—	(1,075)	—
U.S. tax on Non-U.S. income	543	713	(122)
Change in valuation allowance	182	(33,917)	(2,386)
Change in tax laws	146	67	(33)
Research incentives	(490)	(68)	(45)
Gain on sale of New Delphi equity interests	—	—	599
Goodwill impairment	124	8,705	377
Settlements of prior year tax matters	(473)	—	(56)
VEBA contribution	—	—	(476)
Foreign currency remeasurement	(21)	(36)	59
Pension contribution	—	—	(127)
U.S. salaried pension plan settlement	—	541	—
Other adjustments	162	(333)	(37)
Total income tax expense (benefit)	$ 2,127	$(34,831)	$ (110)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2013 and 2012 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	December 31, 2013	December 31, 2012
Deferred tax assets		
Postretirement benefits other than pensions	$ 2,902	$ 3,494
Pension and other employee benefit plans	5,469	8,536
Warranties, dealer and customer allowances, claims and discounts	4,282	4,277
Property, plants and equipment	2,464	2,225
Capitalized research expenditures	7,179	6,106
Operating loss and tax credit carryforwards (a)	19,342	20,220
Miscellaneous	1,663	3,443
Total deferred tax assets before valuation allowances	43,301	48,301
Less: valuation allowances	(10,823)	(10,991)
Total deferred tax assets	32,478	37,310
Deferred tax liabilities		
Intangible assets	397	724
Net deferred tax assets	$ 32,081	$ 36,586

(a) Includes operating loss and tax credit carryforwards of $16.3 billion expiring through 2033 and $3.0 billion that may be carried forward indefinitely at December 31, 2013.

At December 31, 2013 we retained valuation allowances of $10.8 billion against deferred tax assets primarily in GME and South Korea business units with losses and in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards.

At December 31, 2012 as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion.

At December 31, 2011 as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $502 million. In Australia we have net operating loss carryforwards which are subject to meeting a “Same Business Test” requirement that we assess on a quarterly basis. At December 31, 2013 as a result of our plans to cease vehicle and engine manufacturing at Holden, we determined that it was more likely than not Holden would not realize a portion of the deferred tax assets and recorded a valuation allowance in the amount of $133 million.

Uncertain Tax Positions

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Beginning balance	$ 2,745	$ 2,370	$ 5,169
Additions to current year tax positions	251	112	129
Additions to prior years' tax positions	276	512	562
Reductions to prior years' tax positions	(535)	(141)	(1,002)
Reductions in tax positions due to lapse of statutory limitations	(73)	(34)	(64)
Settlements	(132)	(112)	(2,399)
Other	(2)	38	(25)
Ending balance	$ 2,530	$ 2,745	$ 2,370

At December 31, 2013 and 2012 there are $1.5 billion and $1.2 billion of unrecognized tax benefits that if recognized would favorably affect our effective tax rate in the future. In the years ended December 31, 2013, 2012 and 2011 we recorded income tax related interest expense (benefit) and penalties of $(25) million, $44 million and $(145) million. The interest and penalty benefit in the year ended December 31, 2011 was due primarily to remeasurements, settlements and statute expirations. At December 31, 2013 and 2012 we had liabilities of $286 million and $222 million for income tax related interest and penalties.

In November 2013 we remeasured a previously disclosed uncertain tax position and recorded a $473 million tax benefit that increased net operating loss carryforwards, reducing future taxable income.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which had full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

At December 31, 2013 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Other Matters

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2005 to 2013 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations there is a risk that transfer pricing disputes may arise.

We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In the U.S. we have continuing responsibility for Old GM's open tax years. Old GM was liquidated on December 15, 2011. The Internal Revenue Service has audited the returns through the liquidation date and, in January 2014, the audit of these returns was closed. The reduction to the amount of unrecognized tax benefits is not expected to be significant. In January 2013 the U.S. Congress enacted federal income tax legislation including an extension of the research credit for tax years 2012 and 2013. As a result, in the year ended December 31, 2013 we recorded an income tax benefit related to the 2012 research credit of approximately $200 million.

Note 19. Restructuring and Other Initiatives

We have previously executed various restructuring and other initiatives and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, no liabilities are generally recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2011 (a)	$ 1,135	$ 664	$ 3	$ —	$ 1,802
Additions, interest accretion and other	104	449	—	81	634
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	884	687	1	12	1,584
Additions, interest accretion and other	140	254	84	92	570
Payments	(304)	(344)	(46)	(55)	(749)
Revisions to estimates	(78)	(17)	(1)	(11)	(107)
Effect of foreign currency	11	10	1	—	22
Balance at December 31, 2012 (a)	653	590	39	38	1,320
Additions, interest accretion and other	58	202	404	50	714
Payments	(182)	(299)	(111)	(68)	(660)
Revisions to estimates	(16)	(9)	(3)	(1)	(29)
Effect of foreign currency	(16)	19	4	(3)	4
Balance at December 31, 2013 (a)	$ 497	$ 503	$ 333	$ 16	$ 1,349

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of $353 million, $356 million and $376 million at December 31, 2013, 2012 and 2011 for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2013

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to cash severance incentive programs for skilled trade U.S. hourly employees and service cost for hourly layoff benefits. Due to the expected closure of the Oshawa Consolidated Plant in December 2016, affected employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. During 2013 some of the affected employees separated and the related costs were recorded.

GME recorded charges, interest accretion and other and revisions to estimates primarily related to our plan to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014. Through December 31, 2013 the active separation programs related to Germany had a total cost of $194 million and had affected a total of 450 employees. We expect to complete these programs in 2014 and incur additional charges of $650 million, which will affect an additional 3,300 employees.

GMIO recorded charges, interest accretion and other and revisions to estimates for separation programs in Australia and Korea and programs related to the withdrawal of the Chevrolet brand from Europe described below. Through December 31, 2013 the active

separation programs in GMIO had a total cost of $420 million and had affected a total of 4,100 employees. We expect to complete these programs in 2017 and incur additional restructuring and other charges of $640 million.

GMSA recorded charges for active separation programs in Brazil. Through December 31, 2013 the active separation programs related to Brazil had a total cost of $103 million.

Year Ended December 31, 2012

GMNA recorded charges, interest accretion and other and revisions to estimates related to our 2011 UAW labor agreement and increased production capacity utilization in Canada. Our 2011 UAW labor agreement included cash severance incentive programs which were completed at March 31, 2012 for skilled trade U.S. hourly employees. A total of 1,400 skilled trade U.S. hourly employees participated in these programs at a total cost of $99 million which was recorded upon irrevocable acceptances by both parties. Substantially all of the program cost was recorded in the three months ended March 31, 2012.

GME recorded charges, interest accretion and other and revisions to estimates for previously announced separation and early retirement programs. Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of $400 million and had affected a total of 2,550 employees, of which $310 million related to a program initiated in Germany in 2010.

GMIO recorded charges, interest accretion and other related to voluntary separation programs primarily in Korea and Australia. Through December 31, 2012 these programs had a total cost of $69 million which affected 650 employees.

GMSA recorded charges of $87 million for employee separation costs related to a separation program in Brazil.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to focus our marketing and product portfolio on our Opel and Vauxhall brands in Western and Central Europe and cease mainstream distribution of Chevrolet brand in those markets in 2015. This decision impacts 1,200 Chevrolet dealers and distributors in the affected countries and 480 Chevrolet Europe employees. In the three months ended December 31, 2013 we recorded pre-tax charges of $636 million, net of noncontrolling interests of $124 million. These charges included dealer restructuring costs of $233 million and employee severance costs of $30 million which are reflected in the table above. The remaining charges for intangible asset impairments of $264 million and sales incentive, inventory related and other costs of $233 million are not included in the table above. We may incur additional charges for exit costs of up to $300 million primarily through the first half of 2014. Refer to Note 11 for additional information on the intangible asset impairment charges.

Manufacturing Operations at Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at Holden by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its

global design studio. This decision affects 2,900 employees from the Elizabeth vehicle manufacturing plant and Holden's Victorian workforce. In the three months ended December 31, 2013 we recorded pre-tax charges of $536 million in Automotive cost of sales consisting primarily of asset impairment charges of $477 million, including property, plant and equipment, which are not included in the table above. The remaining charges relate to exit-related costs, including certain employee severance related costs, of $59 million which are included in the table above. We expect to incur additional charges through 2017 for incremental future cash payments of employee severance once negotiations of the amount are completed. Refer to Note 9 for additional information on the property, plant and equipment impairment charges.

Note 20. Interest Income and Other Non-Operating Income, net

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Interest income	$ 246	$ 343	$ 455
Net gains (losses) on derivatives	(13)	(63)	41
Dividends and royalties	97	98	153
Foreign currency transaction and translation gains (losses)	(154)	16	(48)
Gains (losses) on securities and other investments — realized and unrealized	691	(193)	(9)
Deferred income from technology agreements	100	114	113
Other	96	530	146
Total interest income and other non-operating income, net	$ 1,063	$ 845	$ 851

Note 21. Stockholders' Equity and Noncontrolling Interests

Preferred and Common Stock

We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. We had 156 million and 276 million shares of Series A Preferred Stock issued and outstanding at December 31, 2013 and 2012. There were no shares of Series B Preferred Stock issued and outstanding at December 31, 2013 and 100 million shares issued and outstanding at December 31, 2012. We had 1.5 billion and 1.4 billion shares of common stock issued and outstanding at December 31, 2013 and 2012.

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

	Liquidation Preference Per Share	Dividend Rate Per Annum	Dividends Paid Years Ended December 31,		
			2013	2012	2011
Series A Preferred Stock	$ 25.00	9.00%	$ 1,370	$ 621	$ 621
Series B Preferred Stock	$ 50.00	4.75%	$ 237	$ 238	$ 243

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or other series of stock, the liquidation amount and the amount

of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders.

In September 2013 we purchased 120 million shares (or 43.5% of the total shares outstanding) of our Series A Preferred Stock held by the New VEBA at a price equal to 108.1% of the aggregate liquidation amount for $3.2 billion. We recorded a loss for the difference between the carrying amount of the Series A Preferred Stock purchased and the consideration paid, which reduced Net income attributable to common stockholders by $816 million. If all of the remaining Series A Preferred Stock were redeemed or purchased at its par value, Net income available to common stockholders would be reduced by a charge of $800 million.

Series B Preferred Stock

On December 1, 2013 each of the 100 million shares of our Series B Preferred Stock outstanding automatically converted into 1.3736 shares of our common stock for a total of 137 million common shares. The number of shares of our common stock issued upon mandatory conversion of each share of Series B Preferred Stock was determined based on the average of the closing prices of our common stock over the 40 consecutive trading day period ended November 26, 2013.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock, if any such shares are then outstanding.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day's closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder's equity of $5.1 billion and a charge to Automotive selling, general and administrative expense of $402 million representing the premium. These shares were retired and returned to authorized but unissued status. In the year ended December 31, 2012 we issued 1.3 million shares of common stock for the settlement of restricted stock and salary stock awards and 400,000 shares for exercised warrants. Refer to Note 23 for additional information on our stock incentive plans.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have all been distributed to creditors of Old GM and to the GUC Trust by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrants, which were subsequently sold by the New VEBA, are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants was 293 million and 313 million at December 31, 2013 and 2012.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accumulated Other Comprehensive Loss

The following table summarizes the components of Accumulated other comprehensive loss (dollars in millions):

	Years Ended December 31,								
	2013			2012			2011		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments									
Balance at beginning of period	$ 112	$ 11	$ 101	$ 226	$ 11	$ 215	$ 405	$ 11	$ 394
Other comprehensive income (loss)	(722)	11	(733)	(103)	—	(103)	(183)	—	(183)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(6)	—	(6)
Other comprehensive income (loss) attributable to noncontrolling interests	18	—	18	(11)	—	(11)	10	—	10
Balance at end of period	$ (592)	$ 22	$ (614)	$ 112	$ 11	$ 101	$ 226	$ 11	$ 215
Cash flow hedging gains (losses), net									
Balance at beginning of period	$ —	$ —	$ —	$ 2	$ —	$ 2	$ (23)	$ —	$ (23)
Other comprehensive income before reclassification adjustment	—	—	—	—	—	—	25	—	25
Reclassification adjustment	—	—	—	(2)	—	(2)	—	—	—
Other comprehensive income (loss)	—	—	—	(2)	—	(2)	25	—	25
Balance at end of period	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ 2
Unrealized gain (loss) on securities, net									
Balance at beginning of period	$ 63	$ 22	$ 41	$ 1	$ 5	$ (4)	$ —	$ 5	$ (5)
Other comprehensive income (loss) before reclassification adjustment	133	(6)	139	(140)	22	(162)	1	—	1
Reclassification adjustment	(185)	(7)	(178)	202	(5)	207	—	—	—
Other comprehensive income (loss)	(52)	(13)	(39)	62	17	45	1	—	1
Balance at end of period	$ 11	$ 9	$ 2	$ 63	$ 22	$ 41	$ 1	$ 5	$ (4)
Defined benefit plans, net									
Balance at beginning of period	$ (7,794)	$ 400	$ (8,194)	$ (4,665)	$ 1,409	$ (6,074)	$ 2,298	$ 1,413	$ 885
Other comprehensive income before reclassification adjustment — prior service cost (credit)	6	(4)	10	(53)	(95)	42	302	1	301
Other comprehensive income (loss) before reclassification adjustment — actuarial gain (loss)	8,673	3,091	5,582	(3,180)	(926)	(2,254)	(7,578)	(10)	(7,568)
Reclassification adjustment — prior service cost (credit) (a)	(128)	(44)	(84)	(125)	(5)	(120)	(52)	—	(52)
Reclassification adjustment — actuarial gain (loss) (a)	178	(7)	185	229	17	212	366	5	361
Other comprehensive income (loss)	8,729	3,036	5,693	(3,129)	(1,009)	(2,120)	(6,962)	(4)	(6,958)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(1)	—	(1)
Balance at end of period	$ 935	$ 3,436	$ (2,501)	$ (7,794)	$ 400	$ (8,194)	$ (4,665)	$ 1,409	$ (6,074)
Accumulated Other Comprehensive Loss									
Balance at beginning of period	$ (7,619)	$ 433	$ (8,052)	$ (4,436)	$ 1,425	$ (5,861)	$ 2,680	$ 1,429	$ 1,251
Other comprehensive income (loss) before reclassification adjustment	8,090	3,092	4,998	(3,476)	(999)	(2,477)	(7,433)	(9)	(7,424)
Reclassification adjustment	(135)	(58)	(77)	304	7	297	314	5	309
Other comprehensive income (loss)	7,955	3,034	4,921	(3,172)	(992)	(2,180)	(7,119)	(4)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(7)	—	(7)
Other comprehensive income (loss) attributable to noncontrolling interests	18	—	18	(11)	—	(11)	10	—	10
Balance at end of period	$ 354	$ 3,467	$ (3,113)	$ (7,619)	$ 433	$ (8,052)	$ (4,436)	$ 1,425	$ (5,861)

(a) Included in the computation of net periodic pension and OPEB (income) expense. Refer to Note 15 for additional information.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 22. Earnings Per Share

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that are outstanding.

The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):

	Years Ended December 31,		
	2013	2012	2011
Basic earnings per share			
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Less: cumulative dividends on preferred stock and charge related to purchase of preferred stock (a)	(1,576)	(859)	(859)
Less: undistributed earnings allocated to Series B Preferred Stock participating security	—	(470)	(746)
Net income attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585
Weighted-average common shares outstanding — basic	1,393	1,566	1,536
Basic earnings per common share	$ 2.71	$ 3.10	$ 4.94
Diluted earnings per share			
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Add: preferred dividends to holders of Series B Preferred Stock	218	—	—
Less: cumulative dividends on preferred stock and charge related to purchase of preferred stock (a)	(1,576)	(859)	(859)
Less: undistributed earnings allocated to Series B Preferred Stock participating security	—	(442)	(693)
Net income attributable to common stockholders	$ 3,988	$ 4,887	$ 7,638
Weighted-average common shares outstanding — diluted			
Weighted-average common shares outstanding — basic	1,393	1,566	1,536
Dilutive effect of warrants	146	104	130
Dilutive effect of conversion of Series B Preferred Stock	134	—	—
Dilutive effect of RSUs	3	5	2
Weighted-average common shares outstanding — diluted	1,676	1,675	1,668
Diluted earnings per common share	$ 2.38	$ 2.92	$ 4.58

(a) Includes earned but undeclared dividends of $15 million, $26 million and $26 million on our Series A Preferred Stock in the years ended December 31, 2013, 2012 and 2011 and $20 million on our Series B Preferred Stock in the years ended December 31, 2012 and 2011.

Holders of the Series B Preferred Stock had a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios through various anti-dilution provisions. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we concluded that the Series B Preferred Stock was a participating security and, as such, requires the application of the more dilutive of the two-class or if-converted method to calculate earnings per share when the applicable market value of our common stock is below or above the range of $33.00 to $39.60 per common share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our mandatory conversion in 2013 or the date of our financial statements for 2012 and 2011. The calculation of the applicable market value is applied to the full year, irrespective of the applicable market value computed during the prior quarters of the current year.

On the mandatory conversion date of our Series B Preferred Stock, December 1, 2013, the applicable market value of our common stock was within the range of $33.00 to $39.60 per common share and, as such, we applied the if-converted method for purposes of

calculating diluted earnings per share in the year ended December 31, 2013. In the years ended December 31, 2012 and 2011, we were required to use the two-class method for calculating earnings per share as the applicable market value of our common stock was below $33.00 per common share. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. The impact on diluted earnings per share was an increase of $0.13 in the year ended December 31, 2013 using the if-converted as compared to the two-class method. Our calculation of earnings per share varied from period to period depending on whether the two-class or if-converted method was required.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share for December 31, 2012 and 2011.

In the years ended December 31, 2013, 2012 and 2011 warrants to purchase 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares.

Note 23. Stock Incentive Plans

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan and the Salary Stock Plan. Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 7 million, 7 million and 5 million RSUs in the years ended December 31, 2013, 2012 and 2011. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Our policy is to issue new shares upon settlement of RSUs.

The 2013 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle on the second and third anniversary dates of grant. The awards for the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2012 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-Top 25 highest compensated employees will vest and settle on the second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

Retirement eligible participants that are non-Top 100 highest compensated employees who retire in the first twelve months following the grant will retain and vest a pro-rata portion of RSUs earned and those who retire after the first anniversary of the grant will retain and vest the full RSU grant. The vested award will be payable on the settlement date.

The plan was amended in January 2014 to provide cash payment, on a going forward basis, of dividend equivalents upon settlement to active employees and certain former employees with outstanding awards as of the amendment date.

Salary Stock Plan

In the years ended December 31, 2013, 2012 and 2011 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In March 2012 we amended the plan to provide for cash settlement of awards and reclassified $97 million from Additional paid-in capital to Accrued liabilities and Other liabilities and deferred income taxes. Prior to this amendment it was our policy to issue new shares upon settlement of these awards. In June 2013 we amended the plan to provide for cash or share settlement of awards based on election by the participant. The plan was amended in January 2014 to provide cash payment, on a going forward basis, of dividend equivalents upon settlement to active employees with outstanding awards as of the amendment date. The liability for these awards continues to be remeasured to fair value at the end of each reporting period.

RSUs

The following table summarizes information about the RSUs under our stock incentive plans (RSUs in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term in Years
RSUs outstanding at January 1, 2013	26.9	$ 23.06	0.7
Granted	8.9	$ 29.05	
Settled	(16.0)	$ 20.60	
Forfeited or expired	(1.2)	$ 27.20	
RSUs outstanding at December 31, 2013	18.6	$ 27.76	1.2
RSUs unvested and expected to vest at December 31, 2013	9.2	$ 27.94	1.6
RSUs vested and payable at December 31, 2013	8.8	$ 27.61	—
RSUs granted in the year ended December 31, 2012		$ 25.10	
RSUs granted in the year ended December 31, 2011		$ 31.18	

The following table summarizes compensation expense recorded for our stock incentive plans (dollars in millions):

	Years Ended December 31, 2013	2012	2011
Compensation expense	$ 311	$ 302	$ 233
Income tax benefit	$ 100	$ 100	$ —

At December 31, 2013 the total unrecognized compensation expense for nonvested equity awards granted was $149 million. This expense is expected to be recorded over a weighted-average period of 1.6 years. The total fair value of RSUs vested in the years ended December 31, 2013, 2012 and 2011 was $342 million, $141 million and $105 million. In the years ended December 31, 2013, 2012 and 2011 total payments for 3.1 million, 1.6 million and 456,000 RSUs settled under stock incentive plans were $94 million, $36 million and $14 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 24. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2013				
Total net sales and revenue	$ 36,884	$ 39,075	$ 38,983	$ 40,485
Automotive gross margin	$ 3,727	$ 4,416	$ 4,954	$ 4,070
Net income	$ 1,185	$ 1,388	$ 1,705	$ 1,053
Net income attributable to stockholders	$ 1,175	$ 1,414	$ 1,717	$ 1,040
Earnings per share, basic	$ 0.63	$ 0.87	$ 0.50	$ 0.64
Earnings per share, diluted	$ 0.58	$ 0.75	$ 0.45	$ 0.57

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2012				
Total net sales and revenue	$ 37,759	$ 37,614	$ 37,576	$ 39,307
Automotive gross margin	$ 4,418	$ 4,449	$ 4,327	$ (3,135)
Net income	$ 1,350	$ 1,901	$ 1,854	$ 1,031
Net income attributable to stockholders	$ 1,315	$ 1,846	$ 1,833	$ 1,194
Earnings per share, basic	$ 0.64	$ 0.95	$ 0.94	$ 0.58
Earnings per share, diluted	$ 0.60	$ 0.90	$ 0.89	$ 0.54

Prior to the three months ended June 30, 2013 we used the two-class method for calculating earnings per share because Series B Preferred Stock was a participating security.

The three months ended December 31, 2013 included the following on a pre-tax (except tax matters) and pre-noncontrolling interests basis:

- Benefit from the release of GM Korea wage litigation accruals of $846 million in GMIO.
- Property and intangible asset impairment charges of $805 million at Holden and GM India in GMIO.
- Charges of $745 million related to our plans to cease mainstream distribution of Chevrolet brand in Europe in GMIO.
- Gain on sale of equity investment in Ally Financial of $483 million in Corporate.
- Goodwill impairment charges of $481 million in GMIO.
- Tax benefit of $473 million from remeasurement of uncertain tax position in Corporate.
- Gain on sale of equity investment in PSA of $152 million in GME.

The three months ended March 31, 2013 included the following on a pre-tax and pre-noncontrolling interests basis:

- Charge of $162 million in GMSA for the Venezuela currency devaluation.

The three months ended December 31, 2012 included the following on a pre-tax and pre-noncontrolling interests basis:

- Deferred tax asset valuation allowance release of $36.3 billion in the U.S. and Canada.
- Goodwill impairment charges of $26.5 billion in GMNA and GMIO.
- Property, plant and equipment impairment charges of $3.7 billion in GME.
- Pension settlement charge of $2.6 billion in GMNA.

- Intangible asset impairment charges of $1.8 billion in GME.
- Charge of $525 million for GM Korea hourly wage litigation.
- Charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

The three months ended March 31, 2012 included the following on a pre-tax and pre-noncontrolling interests basis:

- Goodwill impairment charges of $617 million in GMIO and GME.

Note 25. Segment Reporting

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, which are presented net of noncontrolling interests, and evaluates GM Financial through income before income taxes. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully allocated cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these and other factors, we do not manage our business on an individual brand or vehicle basis.

In the three months ended March 31, 2013 we changed our managerial and financial reporting structure to measure our reportable segments revenue and profitability based on the geographic area in which we sell vehicles to third party customers. We record certain transactions between our automotive and finance segments as intersegment activity and eliminate them in consolidation. The new reporting structure provides clearer profit and revenue visibility across geographic areas and identifies our profitability at the point of sale. Previously, it was based on the geographic area in which the vehicles originated and our managerial and financial reporting structure included intercompany sales and cost of sales in our segment results. Certain expenses such as engineering, warranty, recall campaigns and selling, general and administrative are allocated to the geographic area in which the vehicle is sold to third party customers. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- GMC
- Holden
- Opel
- Vauxhall

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2013 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, primarily in Asia that design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Jiefang
- Wuling

All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

	At and For the Year Ended December 31, 2013									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 95,091	$ 20,110	$ 20,263	$ 16,478	$ 150		$ 152,092	$ —	$ —	$ 152,092
GM Financial revenue	—	—	—	—	—		—	3,344	(9)	3,335
Intersegment	8	—	—	—	—		8	—	(8)	—
Total net sales and revenue	$ 95,099	$ 20,110	$ 20,263	$ 16,478	$ 150		$ 152,100	$ 3,344	$ (17)	$ 155,427
Income (loss) before interest and taxes-adjusted	$ 7,461	$ (844)	$ 1,230	$ 327	$ (494)		$ 7,680	$ 898	$ —	$ 8,578
Adjustments (a)	$ (100)	$ 153	$ (1,169)	$ (157)	483		$ (790)	(15)	$ —	(805)
Corporate interest income					249				$ (3)	246
Automotive interest expense					338				$ (4)	334
Loss on extinguishment of debt					212			—		212
Income (loss) before income taxes					(312)			883		7,473
Income tax expense					1,826			300	$ 1	2,127
Net income (loss) attributable to stockholders					$ (2,138)			$ 583		$ 5,346
Equity in net assets of nonconsolidated affiliates	$ 74	$ 7	$ 8,009	$ 4	$ —	$ —	$ 8,094	$ —	$ —	$ 8,094
Total assets	$ 87,978	$ 10,341	$ 23,425	$ 11,488	$ 26,460	$ (29,642)	$ 130,050	$ 38,084	$ (1,790)	$ 166,344
Expenditures for property	$ 5,466	$ 770	$ 772	$ 444	$ 92	$ 5	$ 7,549	$ 16	$ —	$ 7,565
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,216	$ 406	$ 1,806	$ 522	$ 63	$ (1)	$ 7,012	$ 498	$ (10)	$ 7,500
Equity income and gain on investments	$ 15	$ —	$ 1,794	$ 1	$ —	$ —	$ 1,810	$ —	$ —	$ 1,810

(a) Consists of pension settlement charges of $56 million and charges related to PSA product development agreement of $49 million in GMNA; gain on sale of equity investment in PSA of $152 million in GME; property and intangible asset impairment charges of $774 million, costs related to the withdrawal of the Chevrolet brand in Europe of $621 million and goodwill impairment charges of $442 million, partially offset by GM Korea hourly wage litigation of $577 million and acquisition of GM Korea preferred shares of $67 million in GMIO, all net of noncontrolling interests; Venezuela currency devaluation of $162 million in GMSA; gain on sale of equity investment in Ally Financial of $483 million in Corporate; costs related to the withdrawal of the Chevrolet brand in Europe of $15 million in GM Financial; and income related to various insurance recoveries of $35 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	At and For the Year Ended December 31, 2012									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 89,912	$ 20,689	$ 22,954	$ 16,700	$ 40		$ 150,295	$ —	$ —	$ 150,295
GM Financial revenue	—	—	—	—	—		—	1,961	—	1,961
Intersegment	(2)	—	—	—	—		(2)	—	2	—
Total net sales and revenue	$ 89,910	$ 20,689	$ 22,954	$ 16,700	$ 40		$ 150,293	$ 1,961	$ 2	$ 152,256
Income (loss) before interest and taxes-adjusted	$ 6,470	$ (1,939)	$ 2,528	$ 457	$ (400)		$ 7,116	$ 744	$ (1)	$ 7,859
Adjustments (a)	$ (29,052)	$ (6,391)	$ (288)	$ 27	(402)		$ (36,106)	—	$ —	(36,106)
Corporate interest income					343					343
Automotive interest expense					489					489
Loss on extinguishment of debt					250			—		250
Income (loss) before income taxes					(1,198)			744		(28,643)
Income tax expense (benefit)					(35,007)			177	$ (1)	(34,831)
Net income attributable to stockholders					$ 33,809			$ 567		$ 6,188
Equity in net assets of nonconsolidated affiliates	$ 65	$ 51	$ 6,764	$ 3	$ —	$ —	$ 6,883	$ —	$ —	$ 6,883
Total assets	$ 87,100	$ 9,669	$ 25,032	$ 11,958	$ 16,991	$ (17,006)	$ 133,744	$ 16,368	$ (690)	$ 149,422
Expenditures for property	$ 4,766	$ 1,035	$ 1,225	$ 956	$ 77	$ (4)	$ 8,055	$ 13	$ —	$ 8,068
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,663	$ 6,570	$ 638	$ 483	$ 49	$ (1)	$ 11,402	$ 225	$ (10)	$ 11,617
Equity income and gain on investments	$ 9	$ —	$ 1,552	$ 1	$ —	$ —	$ 1,562	$ —	$ —	$ 1,562
Valuation allowances against deferred tax assets (b)	$ —	$ —	$ —	$ —	$ (36,261)	$ —	$ (36,261)	$ (103)	$ —	$ (36,364)

(a) Consists of Goodwill impairment charges of $26.4 billion, pension settlement charges of $2.7 billion and income related to various insurance recoveries of $9 million in GMNA; property impairment charges of $3.7 billion, intangible assets impairment charges of $1.8 billion, goodwill impairment charges of $590 million, impairment charges related to investment in PSA of $220 million, a charge of $119 million to record General Motors Strasbourg S.A.S. assets and liabilities to estimated fair value and income related to various insurance recoveries of $7 million in GME; GM Korea hourly wage litigation charge of $336 million, goodwill impairment charges of $132 million, which are presented net of noncontrolling interests, income related to various insurance recoveries of $112 million and income related to redemption of the GM Korea mandatorily redeemable preferred shares of $68 million in GMIO; income related to various insurance recoveries of $27 million in GMSA; and a charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

(b) Includes valuation allowance releases of $36.5 billion net of the establishment of new valuation allowances of $0.1 billion. Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Year Ended December 31, 2011									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 85,988	$ 25,154	$ 21,031	$ 16,632	$ 61		$ 148,866	$ —	$ —	$ 148,866
GM Financial revenue	—	—	—	—	—		—	1,410	—	1,410
Intersegment	3	—	—	—	—		3	—	(3)	—
Total net sales and revenue	$ 85,991	$ 25,154	$ 21,031	$ 16,632	$ 61		$ 148,869	$ 1,410	$ (3)	$ 150,276
Income (loss) before interest and taxes-adjusted	$ 6,779	$ (1,041)	$ 2,232	$ 158	$ (446)		$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)	$ 2,394	$ (1,016)	$ (364)	$ 63	(216)		$ 861	—	$ —	861
Corporate interest income					455					455
Automotive interest expense					540					540
Income (loss) before income taxes					(747)			622		9,080
Income tax expense (benefit)					(295)			185		(110)
Net income (loss) attributable to stockholders					$ (452)			$ 437		$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$ 83,528	$ 15,777	$ 22,130	$ 11,514	$ 30,244	$ (31,333)	$ 131,860	$ 13,112	$ (369)	$ 144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income and gain on investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Reversal of valuation allowances against deferred tax assets (c)	$ —	$ —	$ —	$ —	$ (488)	$ —	$ (488)	$ —	$ —	$ (488)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA; Goodwill impairment charges of $1.0 billion in GME; Goodwill impairment charges of $258 million and charges related to GM India of $106 million in GMIO; a gain on extinguishment of debt of $63 million in GMSA; and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 8 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive revenue is attributed to geographic areas based on the country in which our subsidiary is located. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	At and For the Years Ended December 31,					
	2013		2012		2011	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
Automotive						
U.S.	$ 88,784	$ 15,844	$ 85,105	$ 13,520	$ 79,868	$ 11,736
Non-U.S.	63,308	12,289	65,190	12,425	68,998	13,709
GM Financial						
U.S.	2,233	2,472	1,832	1,112	1,363	532
Non-U.S.	1,102	1,043	129	590	47	300
Total consolidated	$ 155,427	$ 31,648	$ 152,256	$ 27,647	$ 150,276	$ 26,277

No individual country other than the U.S. represented more than 10% of our total Net sales and revenue or Long-lived assets.

Note 26. Supplemental Information for the Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Change in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Accounts receivable	$ 8	$ (460)	$ (1,572)
Inventories	59	(326)	(2,760)
Automotive equipment on operating leases	(968)	370	(522)
Change in other assets	(563)	(312)	(320)
Accounts payable	(485)	162	2,139
Income taxes payable	(161)	155	(360)
Accrued liabilities and other liabilities	784	1,041	(727)
Total	$ (1,326)	$ 630	$ (4,122)
Cash paid for income taxes and interest			
Cash paid for income taxes	$ 727	$ 575	$ 569
Cash paid for interest (net of amounts capitalized) — Automotive	$ 299	$ 335	$ 226
Cash paid for interest (net of amounts capitalized) — GM Financial	760	298	284
Total cash paid for interest (net of amounts capitalized)	$ 1,059	$ 633	$ 510

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and Executive Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2013. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2013.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2013, utilizing the criteria discussed in the "Internal Control—Integrated Framework (1992)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2013. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2013.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ MARY T. BARRA

Mary T. Barra
Chief Executive Officer

February 6, 2014

/s/ CHARLES K. STEVENS III

Charles K. Stevens III
Executive Vice President and Chief Financial Officer

February 6, 2014

* * * * * * *

GENERAL INFORMATION

COMMON STOCK

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

ANNUAL MEETING

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Tuesday, June 10, 2014, in Detroit, Michigan.

STOCKHOLDER ASSISTANCE

Stockholders of record requiring information about their accounts should contact:

Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334 (from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service and the Computershare website at www.computershare.com/gm are always available.

For other information, stockholders may contact:

GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

ELECTRONIC DELIVERY OF ANNUAL MEETING MATERIALS

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at www.computershare.com/gm. If your GM stock is held through a broker, bank or other nominee, contact it directly.

SECURITIES AND INSTITUTIONAL ANALYST QUERIES

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

AVAILABLE PUBLICATIONS

GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and Winning With Integrity (code of conduct) are available online at www.gm.com/investor.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

VISIT GM ON THE INTERNET

Learn more about General Motors vehicles and services on our website at www.gm.com.

GM CUSTOMER ASSISTANCE CENTERS

Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300 or @BuickCustCare
Cadillac: 800-458-8006 or @CadillacCustSvc
Chevrolet: 800-222-1020 or @ChevyCustCare
GMC: 800-462-8782 or @GMCCustCare
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